

**Perceived value influences on disruption in the context of life
insurance: A study on the influence of value dimensions on
perceived value in the life insurance industry in South Africa
and the resulting impact on disruption in this context**

Felicity Sarah Janks

16391498

A research project submitted to the Gordon Institute of Business Science,
University of Pretoria, in partial fulfilment of the requirements for the degree of
Master of Business Administration.

6 November 2017

ABSTRACT

This study explored customer perceived value of life insurance in South Africa in order to unpack customer value drivers in this context and the resulting likelihood of disruption.

A qualitative approach unpacked customer perceptions of what was valuable to them for life insurance and their perceptions of disruption within this context. Holbrook's Typology of Consumer Value was used as a base to test applicability for life insurance deductively. The model was then adapted inductively for application in the life insurance industry, and the likelihood of disruption as a result of perceived value was assessed accordingly.

Economic and hedonic value dimensions were found to have the biggest impact on value in life insurance, with trust dimensions being hedonically relevant. Phenomenological and psychological hedonic value dimensions emerged from the study, both with a marked impact on value. Disruption was found to be likely in the industry due to perceived value gaps, although disruption may be slowed due to mistrust for smaller unknown insurers, and a low willingness of customers to be first-movers in this industry. It was found that even if the industry is not disrupted, disruptive players will likely influence established insurers to bridge the current value gaps to stay competitive.

KEYWORDS

Credence Goods; Customer Experience; Disruption; Perceived Value; Value Outcome
Determination

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Felicity Sarah Janks

6 November 2017

CONTENTS

ABSTRACT	2
KEYWORDS	3
DECLARATION	4
CONTENTS	5
LIST OF TABLES	7
LIST OF FIGURES	8
1 CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM	9
1.1 THE RESEARCH AREA AND PROBLEM	9
1.2 PURPOSE AND SIGNIFICANCE OF RESEARCH	11
1.3 RESEARCH SCOPE	14
1.4 OVERVIEW OF THE PAPER	14
2 CHAPTER 2: LITERATURE REVIEW	16
2.1 VALUE	17
2.2 VALUE CREATION (THE PROCESS)	22
2.3 THE EXPERIENTIAL AND DYNAMIC NATURE OF VALUE	26
2.4 PERCEIVED VALUE AND VALUE DIMENSIONS (THE OUTCOMES)	29
2.5 THE TRUST VALUE DIMENSION	36
3 CHAPTER 3: RESEARCH QUESTIONS	39
3.1 RESEARCH QUESTION 1: WHAT DO CUSTOMERS PERCEIVE AS VALUE WHEN PURCHASING LIFE INSURANCE IN THE SOUTH AFRICAN CONTEXT AND WHAT INFLUENCES THIS?	39
3.2 RESEARCH QUESTION 2: WHAT INFLUENCE IS CUSTOMER PERCEIVED VALUE LIKELY TO HAVE ON DISRUPTION OF THE LIFE INSURANCE INDUSTRY IN SOUTH AFRICA AND WHAT IS THE LIKELIHOOD OF DISRUPTION AS A RESULT?	39
4 CHAPTER 4: RESEARCH METHODOLOGY	40
4.1 INTRODUCTION	40
4.2 RESEARCH DESIGN	40
4.3 POPULATION AND SAMPLE	43
4.4 DATA COLLECTION METHODS AND RESEARCH INSTRUMENTS	48
4.5 QUALITATIVE DATA ANALYSIS APPROACH	52
4.6 THE SAMPLE	56
4.7 LIMITATIONS OF THE METHODOLOGY	62
5 CHAPTER 5: RESULTS	63
5.1 INTRODUCTION	63
5.2 PRESENTATION OF THE FINDINGS	63
6 CHAPTER 6: DISCUSSION OF RESULTS	141
6.1 INTRODUCTION	141
6.2 ADDRESSING THE RESEARCH QUESTIONS	142
7 CHAPTER 7: CONCLUSION	161
7.1 PRINCIPLE FINDINGS	161

7.2	IMPLICATIONS FOR MANAGEMENT	166
7.3	LIMITATIONS OF THE RESEARCH	167
7.4	SUGGESTIONS FOR FUTURE RESEARCH	168
REFERENCES		170
APPENDIX A:	FINAL DISCUSSION GUIDE	174
APPENDIX B:	INFORMED CONSENT LETTER	176
APPENDIX C:	INITIAL CODE BOOK PRE-CODING	178
APPENDIX D:	FINAL CODE BOOK PRE-ANALYSIS	180
APPENDIX E:	ETHICAL CLEARANCE LETTER	187

List of Tables

Table 1 Criteria for distinguishing between the value creation process and value outcome determination.....	20
Table 2 Transition for Practitioners	23
Table 3 Details of customer value in a customer's purchasing process.....	31
Table 4 Characteristics of LSM groups to be included in the population set.....	44
Table 5 Indicating the base criteria used for sample selection to ensure a heterogeneous sample set.....	48
Table 6 Summarising the coding approach and outcomes	54
Table 7 Indicating the demographics of the sample selected for the study.....	57
Table 8 Showing the coding approach and outcomes regarding value codes	79
Table 9 Illustrating final code groups and code families.....	80
Table 10 Illustrating code families and codes for the Social Value dimension.....	81
Table 11 Illustrating code families and codes for the Altruistic Value dimension	85
Table 12 Illustrating code families and codes for the Economic Value dimension.....	90
Table 13 Illustrating code families and codes for the Hedonic Value dimension	99
Table 14 Illustrating Code Families and Codes Identified for the Trust Value dimension	115

List of Figures

Figure 1 Value theory categorization.....	20
Figure 2 Research streams on consumer value	21
Figure 3 Process model for the customer journey and experience.....	27
Figure 4 A value equation	30
Figure 5 Holbrook’s Typology of Consumer Value.....	32
Figure 6 showing results from the saturation analysis performed.....	55
Figure 7 Showing the gender and distributions for the sample set	58
Figure 8 Showing the ethnic distribution for the sample set.....	58
Figure 9 Showing the marital status and number of children for the sample set	59
Figure 10 Showing the occupation for the sample set as well as distribution within financial services industry	60
Figure 11 Distribution of participants according to types of life cover held, and level of cover.....	61
Figure 12 indicating number of participants who took up life cover through an advisor who was a family member or friend.....	61
Figure 13 showing the number of participants that were actively sold life insurance versus those that proactively took up products	66
Figure 14 showing the number of participants that made specific mentions of life insurance a grudge purchase versus those that did not	68
Figure 15 showing the number of participants that view life insurance as a definite need and those that are unsure of the need	69
Figure 16 Illustrating frequency of mentions for topics relating to Trust	116
Figure 17 Showing satisfaction of participants for the industry and their insurer.....	133
Figure 18 Showing digital affiliation for life insurance amongst participants.....	134
Figure 19 Showing the propensity of participants to insure with a start-up.....	137
Figure 20 a model for perceived value in the life insurance industry	146

1 CHAPTER 1: Introduction to Research Problem

1.1 The Research Area and Problem

The aim of this study was to dissect and understand customer perceived value in the context of life insurance in South Africa, to lay a foundation for value studies within this context, and to investigate the likelihood of disruption of the life insurance industry in South Africa through the lens of perceived value from a customer's perspective. The notion to be tested was that perceived trust, a seemingly important customer value dimension within this industry, would likely be higher in a more established firm with a reputable brand than in a start-up insurance firm attempting to disrupt the industry. The study aimed to understand perceived value and value creation in the life insurance industry in order to identify value dimensions, including trust, which would most impact customer purchase and loyalty decisions within this context. The study then intended to compare the differences in these dimensions for established life insurance companies versus start-up companies in order to make an assessment on the likelihood of disruption in this industry within the context of perceived customer value.

Many publications and developments around the internet of things, and the life insurance industry in general, suggest that the life insurance industry is ripe for disruption, with a recent PWC survey publishing stats showing that up to 22% of insurance business globally could be lost to startup FinTech companies by 2020 (PWC, 2016). Motivation for this premise centers on the fact that the life insurance industry is archaic and has operated on a very similar model for many years. In the South African context a few legacy players have dominated this space with little new competition, primarily due to the oligopolistic nature of the industry (KPMG, 2016). There are also suggestions that there is a low perception of value for the product amongst customers, and that there is potential for smaller players to disrupt the industry by aligning more closely to the needs of customers and offering higher perceived value. Technological advancements in recent years have allowed for other industries to be quickly disrupted by smaller startups, such as Uber and Airbnb, by introducing business models which reduced barriers to entry and upfront capital costs. The general feeling is that the insurance industry is no different (PWC, 2015). Many smaller players are openly exploring more innovative models in the life insurance space, such as peer-to-peer life insurance as well as fully digital insurance models. Brightrock is an example of a startup insurer in South Africa who is attempting to move in the direction of digital and

as such disrupting the industry as it exists today (BrightRock, 2015). Larger and more established firms do not seem to be advancing or digitizing as quickly as smaller players. This study aimed to explore the likelihood at disruption in the life insurance industry in South Africa by exploring the influence of perceived value on disruption in the context of life insurance.

Customer perceived value and value creation in the life insurance industry seems to have been largely understudied, but with recognition for the need of an increased understanding of customer needs in this context (Tiefenbacher & Olbrich, 2015). Life insurance can be described as a credence service; a type of service which possesses “high levels of information asymmetry” (Howden & Pressey, 2008) due to technical complexity where specialized knowledge is required, and as a result where customers “find it difficult to evaluate the purchase, even after consumption”(Howden & Pressey, 2008). Customer value in this context is thus much more difficult to conceptualize and an understanding, which would allow life companies to more closely align to the needs of customers in this context, could be a clear differentiator for firms.

Given that life insurance is a credence service, it can be argued that trust for the supplier becomes an important value dimension as the customer is required to trust the insurance supplier to guarantee that the “efficacy, pricing, and product design” (Howden & Pressey, 2008) represent the best solution to their overall needs, given the technical complexity and intangibility of the service provided. Trust has emotional value and would seemingly be developed overtime through a relationship with the insurance provider, either directly, or through by-word-of-mouth relationships with other customers. Since trust is something that is developed over time, literature on both perceived value and value outcomes (at a point in time), as well as the value creation process (developed over time), were relevant to this study. The life insurance industry was of particular interest as no tangible good or service is actually sold at the acquisition stage, but rather the promise of something only when the customer partaking in the transaction dies. If the customer lapses or cancels their policy before that time, no true value would have been derived from the transaction.

Since one would expect this relationship to rely largely on ‘trust’ through the promise of

service delivery over a long period, it could be argued that larger and more established brands would likely possess more perceived trust than their smaller start-up counterparts. Also, since the ultimate 'service', on which this promise is based is the payout of a large sum of money after the policyholder's death, it could be argued that the perceived long term solvency of the company, and size of the company, are important contributing factors to the consumers purchasing decision process; again larger more established firms, with a history of solvency, are more likely to possess higher amounts of this value dimension in the eyes of potential customers than smaller startup firms. This research study aimed to explore these assertions qualitatively in order to establish a foundation for perceived value in the life insurance context. This research study also aimed to understand all influences on perceived value in this context of life insurance, including the influence of trust in this context, in order to assess the likelihood of disruption of the life insurance industry based on differences in perceived value for start-up life insurance companies compared to those of more established firms.

1.2 Purpose and Significance of Research

For years researches in the field of marketing strategy and science have attempted to understand and describe the largely abstract principle of value, and influences on this. Many competing conceptualizations have been put forward in the marketing literature, but with little agreement being reached on the correct approach, or on a single model explaining the value concept (Gummerus, 2013). Much of the current literature on value has emphasised the need for further research to be done on the topic given the ambiguity that still exists (Gallarza, Arteaga-Moreno, Del Chiappa, & Gil-Saura, 2016). Gummerus (2013) supported this need for further research by asserting that ambiguity remains in all aspects of the value concept, including the 'definition, dimensions, and measurement'. Other justifications given on the need for studies on value have been the lack of agreement around the dimensionality of consumer value (Sánchez-fernández, Iniesta-bonillo, & Holbrook, 2009), the need to determine and measure critical dimensions influencing consumer value (Sánchez-fernández et al., 2009), and in different industry contexts (Sánchez-fernández et al., 2009), and the need for increased focus on value within the context of service specifically (Ruiz, Gremler, Washburn, & Carrión, 2008; Sanchez-fernandez et al., 2009; Vargo and Lusch, 2008, 2016).

There also seemed to be a shortage of literature on the value concept, and specifically on value creation, within credence services where customer value is much more difficult to ascertain; as such the literature has made calls for further attention within this area of study (Gallarza et al., 2016). This study on perceived value from the customers perspective has aimed to answer requests for future research, and specifically requests for advancements on determining and measuring critical value dimensions, in the context of service specifically, and in a specific industry context (the life insurance industry in South Africa).

Also the relationship between value perception and value creation, and how these concepts relate to and influence one another, has remained largely understudied, and with varying schools of thought (Gummerus, 2013). The literature has divided the value concept between value creation (the process) and value perception (the outcomes); according to Gummerus (2013) this systematic view has allowed managers to approach value from the perspective of multiple stakeholders (both the customer and the firm) in order to ensure maximum value for all parties involved, and a resulting competitive advantage. For this reason, this study has aimed to explore both value creation and value outcomes within the context of the life insurance industry in South Africa. The literature review has explored these concepts in more detail.

Much research to date, in the context of life insurance, has focused on value from the firm's perspective(Brown, et al.; FC Business Intelligence, 2015; Tiefenbacher & Olbrich, 2015), and little progress has been made in understanding value from the perspective of the customer. Gummerus (2013) suggested that there is a difference between “what firms think customers value versus what customers in fact experience as valuable” (p.34). As such current literature has called for a focus on the customer perspective and for a thorough understanding of perceived value from this perspective (Tiefenbacher & Olbrich, 2015). Previous research has established this as a key source of differentiation and competitive advantage (Ruiz et al., 2008). Research has also suggested that a customer focus can assist with increased growth in acquisitions and improvement in retentions; many studies have attempted to measure this influence in different industrial contexts, but little research has been done in the context of life insurance. Retention is of great strategic importance in the life insurance industry where initial acquisition expenses are often only recovered over a

number of months or in some cases years. If there is indeed a link between value and customer loyalty or retention, understanding value creation and outcomes in the context of life insurance would become an imperative.

The literature has recognized that creating and sustaining value for customers is a key means of differentiation, provides sustained competitive advantage (Ruiz et al., 2008), and as such is essential to managerial strategy (Babin & James, 2010). According to Sanchez-Fernandez & Iniesta-Bonillo (2007) “The creation of customer value must be the reason for the firm’s existence and certainly for its success” (p.1). Modern literature has supported this view with Lemon and Verhoef (2016) affirming that many executives have ranked improving customer experience, and customer perceived value, as the top priority when asked about their strategic priorities for the next twelve months. Literature has also pointed to the increase in competition amongst firms both through globalization, resulting in access to improved choice for customers, and through technology, creating an increased awareness for competing products and services (Ansari & Riasi, 2016). This amplified competition and customer awareness has further increased the need for firms to understand and improve customer perceived value. This strategic importance is increasing due to the rise of social media which has given customers a much more active voice, allowing them to greatly influence perceived value for other customers (Malthouse, Haenlein, Skiera, Wege, & Zhang, 2013). Sánchez-fernández et al. (2009) have summed this up nicely by stating that “in complex competitive environments, in which increasingly well informed and vocal customer’s voice insistent demands for the creation of consumer value...more and more organisations view consumer value as a key factor in strategic management.” This research paper has attempted to unpack perceived value and value creation in the life insurance industry in order to understand influences on competition and disruption in this context, and thus provide tools for businesses in this industry to remain competitive.

This research aims to produce a model to more effectively understand customer perceived value within the life insurance industry in South Africa in order to assist firms in aligning their product offering to more closely suite the needs and value drivers for their customers. The benefit of this, as discussed, is in differentiation in the most effective areas, the ability to remain competitive, and to ensure sustainability. As discussed, there is a perception in the

market that the life insurance industry is ripe for disruption, and this paper will assist management of life insurance companies in further understanding where this disruption is likely to take place (through understanding gaps between what is offered by the current life insurance industry versus what customers perceive as most valuable in this context.) This will allow established life insurance companies to adapt to the needs of customers before they are disrupted. This study will also assist management of start-up insurance companies to understand the gaps that exist currently in the life insurance industry from a customer value perspective, and where they can most effectively compete.

1.3 Research Scope

This study explored perceived value and value creation in the life insurance industry in order to understand the impact of this on the likelihood of disruption within this context. This study was limited to perceived value from a customer's perspective, and perceptions of value from a firm's perspective were not considered. The focus of the research was to draw conclusions on the likelihood of disruption in the life insurance industry by comparing and contrasting customer perceived value of established firms to that of start-up life insurance companies. The relative importance of value dimensions in the life insurance context were explored, along with the impact that brand reputation might have on these value dimensions.

1.4 Overview of the Paper

This research paper aims to present a qualitative view on perceived customer value within the life insurance industry in South Africa. The intention of this paper is to build on previous research put forward on perceived customer value, but specific to the life insurance industry in South Africa. Given the lack of previous research on perceived value in this context, the intention of this paper is to lay the foundation for studies on customer perceived value within the Life Insurance industry. This paper aims to establish a model identifying the most critical value dimensions in the life insurance industry in South Africa from the perspective of customers (deductively by adapting an existing model for perceived value in general), and to put forward a view on the likelihood of disruption within this context as a result of this model (inductively by applying the value model produced through this study). In order to do this a detailed literature review around perceived customer value, value dimensions

influencing perceived value, and value creation, is presented and discussed herein. Research questions are then put forward based on the gaps in the literature and the intended outcomes for this qualitative study as highlighted above. A detailed methodology and design for this research study is then presented and defended, as well as details of population identification and sample selection. Results of the study are then presented with a detailed discussion on outcomes in order to answer the research questions posed through analysis of the data collected. Resulting conclusions for each research question are then presented, as a summary of findings from the analysis, and suggestions for future research are made.

2 CHAPTER 2: Literature Review

As illustrated above understanding customer perceived value, and the value creation process, is necessary for sustained competitive advantage. This is even more important in this day and age where products are more accessible, there is increased competition, and social media is allowing customers a more prominent voice (Malthouse et al., 2013). The literature has stressed the importance of taking a customer view on value (Heinonen, Strandvik, & Voima, 2013). It has also illustrated that perceived value, value dimensions, and value creation, are different in varying industry contexts, and that customer value in each context should be understood more thoroughly (Sánchez-fernández et al., 2009). This research paper aimed to advance perceived value literature by exploring customer perceived value within the context of the life insurance industry in particular, with a focus on understanding value dimensions which impact customer value within this context. The aim of this study was to come up with a value model for perceived customer value within the life insurance industry by expanding on value literature in general and adapting this for application in this particular industry context. The secondary aim of the study was then to use this value model, developed for life insurance, to determine the likelihood of disruption in the life insurance industry in South Africa as a result of a customer's hierarchy of importance of different value dimensions within this context.

This study was divided into two parts in order to provide a thorough analysis of the research topic. The first part, as presented in this chapter, was a detailed literature review on perceived value, and the second part made use of a qualitative research study in order to unpack and present the views and opinions of customers on what is valuable to them within the context of life insurance, and using outcomes from the literature review as a basis for the discussions. Given the aim of the research paper, as defined above, the literature review aimed to explore value in general, customer perceived value, and value creation; customer perceived value was the focus, although understanding value in general, and value creation, helped to create context and detail of influences on perceived value. Since little research had been done on customer perceived value within the life insurance industry, a thorough understanding of the literature was important to lay a foundation for the research and was used to determine relevant research questions which were then used as the basis for the qualitative study (as detailed in Chapter 3).

2.1 Value

As discussed, the intention of the research paper was to determine dimensions for perceived value in the life insurance industry, from the perspective of customers, and to thus advance research primarily on value outcome determination within this context. This section talks to the importance of the advancement of value studies in general, introduces key areas of study within the realm of value studies, and highlights areas of value research in order to provide context and background to this study around value outcome determination. This section also highlights influences of other areas of study around value, as an understanding of value dimensionality and value creation both influence value outcome determination (Ravald & Grönroos, 1996; Ruiz et al., 2016).

Although the concept of Value is extremely important to business, and largely studied, a lot is still unknown about the topic. Little agreement has been reached in the past 30 years with many competing notions still apparent in the literature (Bowman & Ambrosini, 2010; Gallarza, Gil-Saura, & Holbrook, 2011; Gummerus, 2013). Gallarza, et al. (2011) quoted Day and Crask (2000) by stating that “although a core concept in marketing, surprisingly little is known about what value is, what its characteristics are, or how customers determine it” (p. 2). Bowman and Ambrosini (2010) have defined value as a multi-faceted occurrence and as such have acknowledged that much clarification is still needed on the topic. There are many different types of studies in the value realm; those that have looked at the nature and dimensionality of value, those that have attempted to measure different value dimensions and the level of influence that they have on a customer in different contexts, and those that have focused on how value is created and by whom (Ravald & Grönroos, 1996; Ruiz et al., 2016). This particular study has focused on identifying different dimensions that impact customer perceived value in this context, and to what degree.

Value means different things for customers, for management, and for shareholders, but is a major concern for all (Brown, et al.) Value literature in the life insurance context is scarce, and most research available has focused on value from the firm’s perspective only. Value from the firm’s perspective seems to focus on customer life time value, which looks more at the profitability that can be derived from each customer rather than at what customers perceive as valuable (Tiefenbacher & Olbrich, 2015). Customer lifetime value is based on

the notion that customer retention of the most profitable customers is critical to higher profitability for the firm (Haenlein, Kaplan, & Beeser, 2007). The search for increased competitive advantage amongst firms has resulted in a growing interest in understanding value from a customer's perspective to enable firms to create and deliver ongoing and superior value (Martelo-Landroguez, Barroso-Castro, & Cepeda, 2015), and the insurance industry is no different. This will rely not only on a firm being able to understand value from a customer's perspective, but also on the ability of the firm to effectively appropriate this value. Larivière et al. (2013) coined the term 'value fusion', which suggests a joint focus on value that looks at value for both the customer and the firm, with the intention of maximizing value for both parties (Malthouse et al., 2013). This study however focused on the first step in understanding customer value and value creation in the life insurance context (Martelo-Landroguez et al., 2015).

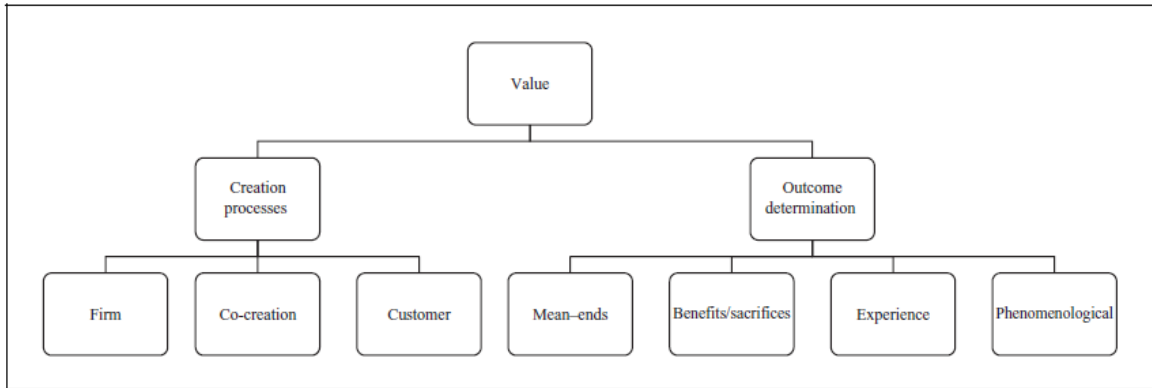
Older literature viewed value as a completely rational process where consumers weighed up the pros and cons of a particular product or service when making a purchasing decision, purely based on utility of that product or service, and on functional dimensions alone. Zeithaml's (1988) framework, a unidimensional trade-off model for value, is one of the most accepted examples of this (Ruiz et al., 2008). More modern research however has added to this by advocating that customers do not perceive all offerings and companies as equal, and that there are definitely subjective and relational components involved in value transactions (Kowalkowski, 2011).

Addis and Holbrook (2001) introduced the experiential view by suggesting that consumption itself is in fact an emotional and subjective activity, and not purely rational. Addis and Holbrook (2001) advocated that "consumers are feelers as well as thinkers and doers" (p.1) and that subjective and emotional aspects of the experience are involved when evaluating a purchasing decision (Addis and Holbrook, 2001) . A good example of this is when purchasing the same product in a store versus online. A customer may prefer to purchase the product in store due to the positive feelings associated with the shopping experience. This is an illustration of how hedonic qualities of an experience can impact purchasing decisions, and perceived value, as put forward by Addis and Holbrook (2001). These aspects could be influenced by the relationship that the consumer has with the company

and brand, by previous experience with the company, as well as by other customer's experiences and perceptions of the company (through social media or by word of mouth) (Lemon & Verhoef, 2016). This highlights the dynamic nature of value, where environmental context, as well as every interaction over time, can influence the perceived value and as such a consumers purchasing decision at an instant in time (Lemon & Verhoef, 2016). This also emphasises the subjective nature of value where an individual's perceived value of a product or company may be different to someone else's due to their individual contexts and experiences (Heinonen et al., 2013). This is likely to have greater importance in the service industry where consistency of experience is difficult to control due to the nature of human interactions.

Value literature has been divided into two main and related areas of study, namely value creation (the process) and perceived value (the outcomes); this research paper has focused on perceived value (the outcomes) but has looked at value creation (the process) in the context of life insurance so far as it impacts perceived value in this context; for this reason, the literature review has presented literature on both value creation and perceived value. Figure 1 below illustrates what constitutes each of these two areas of study and Table 1 highlights the differences in focus between the two. As illustrated, value creation studies have explored how value is generated through interactions between different actors, at what point the value creation takes place, and who is primarily responsible for this; value creation has generally been viewed as a continuous process that occurs over time. Studies on value outcome determination have instead focused on value assessments made by customers at a specific point in time, and as influenced by their own individual perspectives (Gummerus, 2013). Both of these areas are important, and exploring both in the context of a particular industry will allow managers to view value holistically (interactions between actors and value outcomes) and from all perspectives (the customer and firm) (Gummerus, 2013).

Figure 1 Value theory categorization



Source: Extracted from (Gummerus, 2013, p4)

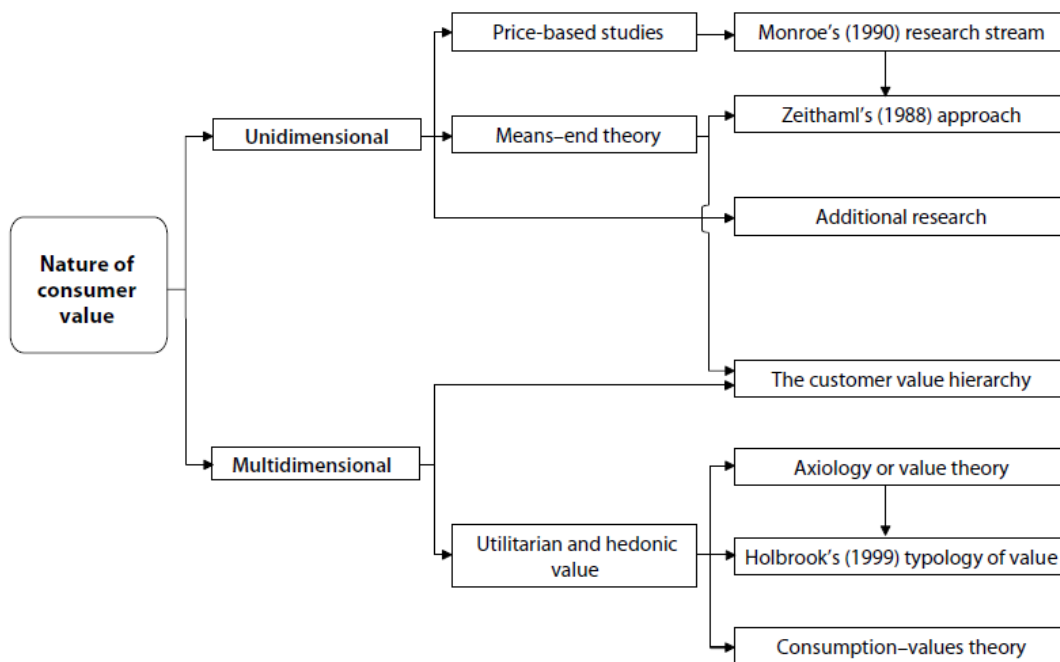
Table 1 Criteria for distinguishing between the value creation process and value outcome determination

Value	Creation Process	Outcome Determination
Aim to Understand	How value comes to be (Actions)	What value is and how it is perceived (Cognitions/feelings)
Value Basis	Activities, resources and interactions	Customer reactions and experiences
Time Focus	Continuous	Transient
Result	Identification of how resources/ activities/ interactions create value.	How much value is gained, what type of components it consists of, and how to maximize customer evaluations.

Source: Adapted from (Gummerus, 2013, p.4)

There has also been a lack of agreement in the value literature on the dimensionality of value (Ruiz et al., 2016). Some studies have viewed customer value as unidimensional, whereas more modern literature has introduced the concept of value as multi-dimensional (Ruiz et al., 2008; Sánchez-fernández et al., 2009). Figure 2 illustrates the different views and theories on the dimensionality of value, as evident in the literature. Many of the views have seemed to support the view of value having benefit and sacrifice components as interpreted by a customer. Taking a unidimensional approach would assert that these value components are purely functional and based on utility, whereas a multidimensional approach would rather advocate that both utilitarian and hedonic components be considered (Ruiz et al., 2008), as depicted in Figure 2.

Figure 2 Research streams on consumer value



Source: Extracted from (Sanchez-Fernandez & Iniesta-Bonillo, 2007, p.4)

The study chose to take a multi-dimensional view on value in order to unpack the value concept thoroughly and to understand both economic and hedonic components of value within this context.

2.2 Value Creation (The Process)

As discussed above, the aim of this study is advancement primarily in terms of value outcome determination, although the approach on value creation (the process) impacts perceived value (the outcome), and so an understanding of value creation in the context of life insurance was deemed important to the study (Gummerus, 2013). This section of the literature review aims to provide literature around the different schools of thought on value creation in order to provide context for this study on perceived value in the context of life insurance, and to provide background as to how each school of thought on value creation could impact perceived value, how it is understood, and at what point in the purchasing process key value dimensions identified become most relevant.

The literature has revealed different perspectives on how value is created, and the role of different actors within this process (Heinonen et al., 2013). There are three primary schools of thought that exist, namely goods dominant logic (Kowalkowski, 2011), service dominant logic (Vargo & Lusch, 2008a; 2008b, 2015), and the more recent customer dominant logic (Heinonen et al., 2013); these theories have offered different perspectives on how value is created, at what point it is created, and who is primarily responsible. Previous literature has focused on 'goods dominant logic' which saw customers as passive actors in the value equation. Supporters of this logic had proposed that value is created by the firm and embedded in products and services provided to customers, and had advocated that value is thus created when the product or service is sold, known as 'value in exchange' (Kowalkowski, 2011). There has been a recent shift in the value creation literature with customers becoming more active participants in the value creation process (Harrigan, Soutar, Choudhury, & Lowe, 2015). This shift has seen a move from the perspective of the firm, to the idea of co-creation between the firm and customer, with the most recent literature taking a purely customer oriented view on value creation (Grönroos, 2008; Harrigan, Soutar, Choudhury, & Lowe, 2015; Heinonen, Strandvik, & Voima, 2013; Vargo & Lusch, 2008, 2016).

Value creation literature has since shifted focus away from a 'firm-driven-view' taking a more service driven approach, advocating that value is in fact co-created through interactions between a firm and customer, and that this process is continuous and occurs over time

(Gummerus, 2013). A 'service dominant logic' approach has suggested that products are not embedded with value but rather have value potential, and that value is only created when the product is actually used, known as 'value in use' (Babin & James, 2010; Grönroos, 2008). Service dominant logic has thus advocated that value is measured through interactions with the company and products, and not by some objective quality standard (Kowalkowski, 2011). This would suggest that value creation is forced to consider multiple participants involved in the process, both directly and indirectly (Akaka & Vargo, 2015). Service dominant logic has suggested that both the firm and customer provide resources into the value creation process, where value is created through the experience of interacting with the company or by using the product, but not by the company or product itself (Vargo & Lusch, 2008a; 2008b, 2015). This approach to value creation has suggested that a longer term focus is required as it is influenced by every interaction with the company and product (Kowalkowski, 2011). Through this logic customers are seen as more active participants where firms and customers co-create value through 'value in use' (Kowalkowski, 2011). According to this logic, the role of the firm would not be to deliver value but rather to offer value propositions which enable value co-creation (Skålén, Gummerus, von Koskull, & Magnusson, 2014). The producer-consumer distinction has thus become unimportant as value is created holistically and involving both parties (Vargo & Lusch, 2008). Table 2 aims to illustrate the key differences between goods dominant logic and service dominant logic with regards to value creation.

Table 2 Transition for Practitioners

Value Creation	Goods Logic	Service Logic
Aim to Understand	Making something (goods or services)	Assisting customers in their own value-creation processes. Value co-created through interactions.
Value Basis	Value as produced	Value as co-created
Customer Role	Customers as isolated entities	Customers in context of their own networks
Firm Role	Firm resources primarily as	Firm resources primarily as

Created by Sarah Janks

2017/11/05 23:11

Private & Confidential

Page 23 of 187

	operand	operant
How Firms View Customers	Customers as targets	Customers as resources
How Firms View Efficiency	Primacy of efficiency	Efficiency through effectiveness

Source: Adapted from (Vargo & Lusch, 2008, p.5)

Through goods dominant logic, both goods and services are seen as 'sold' and value is created through 'exchange' of these goods and services. In contrast, service dominant logic would see goods and services as providing a service for the customer through 'value in use', and as such value is co-created through the process of the customer deriving value from the product or service.

The most recent schools of thought have advocated the notion of customer dominant logic, where value is in fact created by the customer and not by the firm at all. Value would thus be created when customers make use of the product or services within their own ecosystems (Heinonen et al., 2013), together with other inputs, in order to create value for themselves. Customer dominant logic takes service dominant logic a step further by looking at how customers create value for themselves through consumption, and has suggested that products and services provided by a firm are only inputs into this process (Grönroos, 2008). Using this approach, firms can either be value facilitators or value fulfilment agents. Through value facilitation, the firm would only be indirectly involved in the customers value creation process by providing resources into the process (Grönroos, 2008). A firm could also take part in value fulfilment by creating ongoing interactions with the customer; in this process the firm would become a co-creator of value with the customer (Grönroos, 2008). Customer dominant logic has advocated that value creation is not always deliberate, but that value rather emerges in the way that customers process and interpret experiences in their own subjective contexts (Heinonen et al., 2013).

Value creation with regards to credence services, including insurance, has been largely

understudied and the literature has suggested an increased focus in this area (Gallarza et al., 2016). This is particularly interesting in the life insurance industry which has a number of nuances in terms of value and value creation. Firstly, in the life insurance industry nothing tangible is sold, but rather the promise of fulfilment many years into the future, and after the customer has passed away; this questions the traditional notion of 'value in exchange'. Secondly, many have argued that life insurance is 'sold and not brought' due to the complexity of the product, which seems to indicate that the firm creates value, a common view of goods dominant logic. In life insurance however it is difficult to argue that the product or service itself is embedded with value, which is passed over to the customer at point of sale, as only a promise of future service is exchanged at this point. Heinonen et al. (2013) has argued that value creation can sometimes be a mental experience rather than an activity based one. It could thus be argued that customers in fact create internal and hedonic value for themselves through 'peace of mind' created through the transaction ('value in exchange'), and that this value continues as long as the policy is in force ('value in use'). This perceived value could vary subjectively, as per the customer's individual context and life stage; for example this 'peace of mind' may be more important as a customer has children. These assertions were tested qualitatively as part of this research study to understand how value creation impacted value outcome determination (perceived value) within the life insurance industry, and the impact on pre-purchase, purchase, and post-purchase decisions as a result.

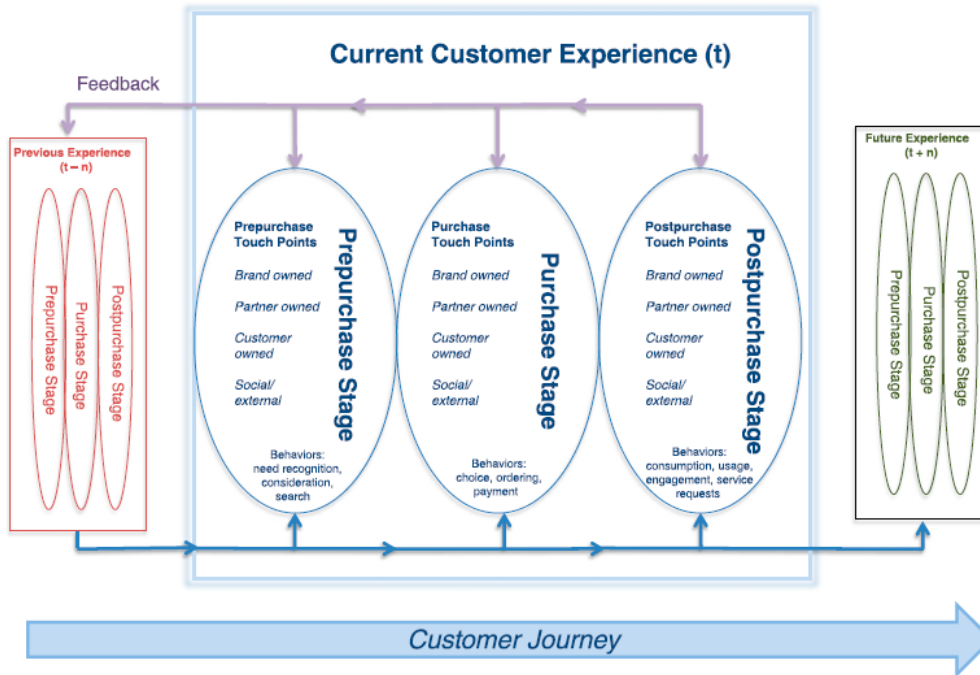
Lastly, it could be argued that the customer never actually experiences the true value of the life insurance product, as the true utilitarian value is only derived after the death of the customer, and is rather experienced by their families and not the customer themselves. If the customer lapses their policy during their lifetime, they would have paid money for the policy and derived no utilitarian value; the concept of negative value could be relevant in this instance where costs may outweigh benefits through the life of the policy. It could however be argued that hedonic value is experienced as 'value in use' due to 'peace of mind' that is created for the customer by holding the policy. These nuances create a lot of interesting extensions for value research and should be studied in more detail. Part of this study has thus aimed to understand the value creation process in the context of the life insurance industry, and the impact of these value creation nuances on perceived value in this context.

2.3 The Experiential and Dynamic Nature of Value

Addis and Holbrook (2001) have advocated the experiential nature of value by emphasising that value is created through customer interactions, either with the product or with the company. This has been supported by Vargo and Lusch (2008) who have supported the phenomenological nature of value. Even early literature by Abbott (1995) and Alderson (1957) has supported this notion by suggesting that customers are primarily looking for fulfilling experiences and that the value of products is in their ability to enable these (Lemon & Verhoef, 2016). Addis and Holbrook (2001) have put forward their view on the importance of relationship marketing where value is created over an extended period of time through multiple interactions with the provider. They have suggested that exchange not only involves the actual product or service purchased but also the entire relationship cultivated between the two parties over time. This longer term view on value creation has suggested that 'value in use' influences 'value in exchange' for future purchases and interactions. Theories of relationship marketing should be relevant in the life insurance context which relies on a long term relationship between the customer and insurer due to the nature of the service offering; these relationships generally extend over decades before the purpose of the initial transaction is fulfilled. Figure 3 supports this view of relationship marketing by illustrating the experiential nature of value and how value creation is continuous overtime (Lemon & Verhoef, 2016).

Figure 3 seems to suggest that previous experience with the brand would be subjectively perceived by the customer and that this could influence the perceived value of future experiences (Lemon & Verhoef, 2016); this seems to indicate that a long term relationship view should be important for firms to ensure maximum perceived customer value. This is exceptionally important in the life insurance context where the relationship with the provider is, by nature of the product, a long one. Literature on Relationship Marketing has been provided due to its impact on perceived customer value, the primary aim for this research paper; since the life insurance product/service relationship extends over many years, this view on relationship marketing was deemed important to this study.

Figure 3 Process model for the customer journey and experience



Source: Extracted from (Lemon & Verhoef, 2016, p.9)

As illustrated in Figure 3 perceived value in the 'pre-purchase stage' could be influenced by any interaction or knowledge of the brand. This could include elements such as marketing and value propositions over which the company has control, but also interactions over which the brand has little control such as social media impact and 'by word of mouth' information passed between customers. The literature has suggested that all of these elements can influence perceived customer value both positively or negatively and that this relationship is dynamic and changes over time (Lemon & Verhoef, 2016).

Review of the literature seemed to suggest that value at the purchase stage is synonymous with 'value in exchange'. This experience of purchasing the product would involve a key interaction with the company and brand and is thus likely to influence customer perceived value both at point of sale and in the longer term, as suggested by the literature and depicted graphically in Figure 3. The purchase stage would involve a customer's decision to purchase the product and, according to Figure 3, would be influenced by previous pre-purchase and post-purchase experiences with the company and brand (Lemon & Verhoef, 2016).

According to the literature a customer's decision to purchase could be based on an analysis of overall perceived value including both utilitarian and hedonic aspects. In the life insurance context it could be argued that utilitarian qualities of the relationship are more difficult to measure as the utility of the product is only realised after the death of the customer and that the benefits are experienced by the beneficiary of the life insurance product and not by the customer themselves. It could thus be suggested that hedonic qualities, as established through a long term relationship with the service provider, in fact become more important to perceived value in this specific context. Since life insurance is based on the promise of service delivery at a much later stage, the hedonic value of trust, as perceived by the consumer, would seemingly be an important value dimension in the relationship.

According to the literature, perceived value in the 'post-purchase stage', as illustrated in Figure 3 (Lemon & Verhoef, 2016), is influenced by all interactions with the company throughout the relationship. The literature seemed to suggest that value in the post-purchase stage is synonymous with 'value in use'. In traditional life insurance companies, customers only interact with the company directly during purchase and servicing, and interactions are generally few and far between. In this context it could thus be argued that 'value in use' would primarily be influenced by interactions with other customers and perceptions as spread through social media and 'by word of mouth', and through interactions with the brand through marketing and servicing. These interactions could even be negative and detract value from the brand possibly leading to negative value, as described above. More modern insurers have attempted to increase interactions during the post-purchase stage through loyalty programs aimed at improving persistency by increasing 'value in use'; this is most prominent in the South African context with the Discovery Vitality program being a good example of this. It could be argued that loyalty programs and value added services, aimed at increasing 'value in use' during the lifetime of the policy, could be an advantage that smaller and newer players may have over larger more established players, and could help to influence future disruption in the life insurance industry. This study aimed to test this by looking at the hierarchy of importance of different value dimensions, and the relative impact of these on perceived value in the life insurance industry, and the differences for smaller disruptive firms versus more established players in this context. This section assisted in unpacking the relationship perspective of value and the resulting impact it would have on

perceived value in the life insurance industry given the lengthy time frame of the relationship between the customer and firm in this context.

2.4 Perceived Value and Value Dimensions (The Outcomes)

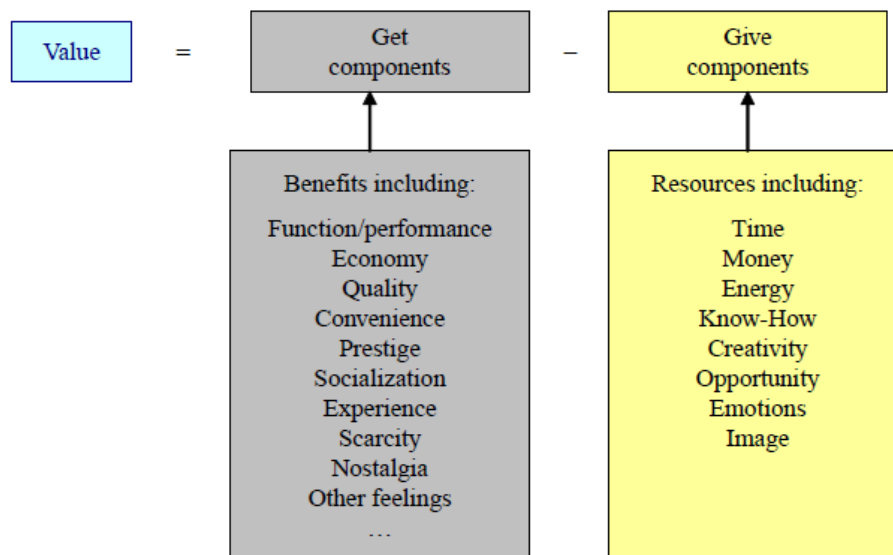
As discussed, the primary purpose of this study was to advance value studies around perceived value through the identification of value dimensions which most influence perceived value within the life insurance industry in South Africa. This section aims to present previous literature on perceived value, value dimensions and value outcome determination, in order to provide a foundation on which this study aims to build.

The lack of consensus in the literature means that many different definitions and perspectives still exist around customer perceived value and influences on this (Gummerus, 2013). Babin and James (2010) have defined customer value as “a subjective assessment of the worth of some service taking into account all one gets and all one gives” (p.7) This is in support of Zeithaml’s (1988) view of value as a trade-off of benefits and costs (Babin & James, 2010). Holbrook (1994) has suggested a phenomenological approach to perceived value through his definition of value as an “interactive, relativistic preference experience” (Gummerus, 2013, p.10). Holbrook (1994) has referred to the subjectivity and relativity of perceived value as it is based on an individual customer’s perspective of alternatives (comparative value), of their own needs and wants (personal value) and at a particular point in time (context specific) (Gummerus, 2013). Kim, Kim, Garrett, & Jung (2015) have suggested that perceived value is influenced by desire (esteem value), worth or importance (exchange value), and function (utility value). The more modern service dominant perspective on value has viewed perceived value as something that is evaluated by the customer as ‘value in use’ through the value gained in the customers own ecosystem through utilisation of the product or service, and not as something that is embedded in the product or service by the firm (Heinonen, Strandvik, & Voima, 2013). This has suggested a fresh outlook on the notion of perceived value by introducing the concept of co-creation of value by the firm and customer (Vargo & Lusch, 2008a). Vargo and Lusch (2008b) have suggested that perceived value “is always uniquely and phenomenologically determined by the beneficiary” (p.9).

Zeithaml (1988) had suggested one of the earliest yet most accepted conceptualizations of customer value through a trade-off model which looked at benefit and sacrifice components which a customer would use when evaluating a purchasing decision. Zeithaml laid the foundation for many modern value studies through his four definitions of customer value (Babin & James, 2010), as outlined below.

- Zeithaml's first definition had viewed price as the only consideration for value
- The second definition was tied to product utility from the perspective of the customer, and had suggested that value is realised when the product purchased meets the expectation of the customer. This definition focused primarily on the benefit to the customer.
- The third definition defined value as quality of the product or service purchased weighed up against the cost paid for it.
- The fourth definition of value took a broader view of the trade-off between costs and benefits, where both of these could take on both utilitarian and subjective elements, as illustrated in Figure 4.

Figure 4 A value equation



Source: Extracted from (Babin & James, 2010, p.6)

More modern studies have expanded these definitions by exploring the hedonic qualities and multidimensionality of value in more detail. One more recent study had suggested that value should not be looked at purely in terms of benefits and sacrifices but instead as four components of value, namely expectation, partnership, transaction, and relationship value (Kim, Kim, Garrett, & Jung, 2015). Table 3 describes these four components in more detail.

Table 3 Details of customer value in a customer’s purchasing process

Constructs	Definition	Purchasing Process	Reference
Expectation value	Overall benefits that customer expects to obtain from purchase decision-making before purchasing a product or service to satisfy needs and wants	Prepurchase position	Woodruff (1997); Komulainen et al. (2005); Kaufmann (1998); Khalifa (2004)
Partnership value	Perceived customer value of the supplier or its product in terms of the social consequences of what the product communicates to others	Prepurchase position	Joseph et al. (1995); Maas and Graf (2008)
Transaction value	Consumer’s psychological satisfaction or pleasure that results from a trade-off of benefits and sacrifices for acquiring a product/service	At the point of trade in real-time	Woodruff and Gardial (1996)
Relationship value	Perceived value of the customer in a relationship with a supplier regarding the economic benefits, personal relationship, service support, trust, collaboration, conflict, and information exchange.	After use/experience	Maas and Graf (2008); Oh et al. (2011)

Source: Extracted from (Kim et al., 2015, p.5)

As illustrated in Table 3, the transaction component relies mostly on a comparison of benefits and sacrifices and can be described as ‘value in exchange’. The others components however cannot be ignored as this transaction component of value is influenced by partnership and relationship value which aligns to relationship marketing theories, and which are developed over time. Expectation value was also deemed important as it influences perceived value but is established both through ‘value propositions’ and ‘value in use’ (Kim et al., 2015).

Holbrook’s typology of Consumer Value (1994), as illustrated in Figure 5, introduced eight factors influencing perceived value, and is still seen as one of the most accepted works regarding value dimensions and types of value due to the level of comprehension and completeness of the model (Gallarza et al., 2011; Gummerus, 2013; Sanchez-fernandez et al., 2007, 2009). As illustrated, Holbrook’s work advocated three classifications of value; namely value as extrinsic (as a means to an end) versus intrinsic (of value itself), value as

self-oriented (driven by one’s own interest) versus other-oriented (as a means to impress or satisfy others), and value as active (experience results in value) versus reactive (a more cognitive and passive process) (Gummerus, 2013).

Holbrook then went on to define eight dimensions of perceived value, each categorised according to the value classifications described above (Gummerus, 2013). These eight dimensions were placed into four broader categories, namely social value, economic value, hedonic value and altruistic value, as illustrated in Figure 5. Holbrook argued that these different types of perceived value occur concurrently but in different amounts (Sanchez-Fernandez & Iniesta-Bonillo, 2007).

Figure 5 Holbrook’s Typology of Consumer Value

		<i>Extrinsic</i>		<i>Intrinsic</i>	
<i>Self-orientated</i>	<i>Active</i>	ECONOMIC VALUE	EFFICIENCY (output/input, convenience)	HEDONIC VALUE	PLAY (fun)
	<i>Reactive</i>		EXCELLENCE (quality)		AESTHETICS (beauty)
<i>Other-orientated</i>	<i>Active</i>	SOCIAL VALUE	STATUS (success, impression management)	ALTRUISTIC VALUE	ETHICS (virtue, justice, morality)
	<i>Reactive</i>		ESTEEM (reputation, materialism, possessions)		SPIRITUALITY (faith, ecstasy, rapture, sacredness, magic)

Source: adapted from Holbrook (1999, p. 12)

Source: Extracted from (Sánchez-fernández et al., 2009, p.9)

Economic value, as depicted in Figure 5, can be described as the utilitarian and more tangible components of value, and can be linked to expectation and transaction value where the customer will determine value based on perceived benefits versus perceived costs

(Sánchez-fernández et al., 2009); this is largely linked to ‘value in exchange’ as determined by interactions with the firm, and value propositions provided by the firm to the customer. As depicted in Figure 5, Holbrook split economic value up into the concepts of efficiency (transaction value and convenience) and excellence (quality) (Sánchez-fernández et al., 2009). In the life insurance industry in particular, it could be argued that efficiency could be described by ease of access to the product (through the use of digital channels as an example), ease of servicing, alignment of the product features to the needs of that particular customer, and the cost of the product, and that excellence in this context could be described as richness of the product features and service quality. These assertions were then tested qualitatively through this study, from the perspective and experiences of active and prospective life insurance customers, and Holbrook’s typology of consumer value was then adapted to create a foundation for the understanding of perceived customer value within the life insurance industry in South Africa.

Social value, as illustrated in Figure 5, was described by Holbrook (1994) as the social consequences as a result of the purchase of a product or service, and the impression that that purchase would provide to others (Sánchez-fernández et al., 2009). Prior to the study it was understood, through the researchers experience in the life insurance industry, that life insurance is generally brought for one of the following purposes; either to protect one’s family whom one cares about after one passes away, or to provide access to something else of value for which life insurance is a pre-requisite, such as a personal loan or a house. From a social value perspective, as illustrated in Figure 5, it could be argued that the social value dimension is more relevant in the latter context where life insurance is used as a means to something else which contains social value. These assertions, as well as the importance of social value in the context of life insurance, were then tested qualitatively through this study, from the perspective and experiences of active and prospective life insurance customers, and Holbrook’s typology of consumer value was then adapted to create a foundation for the understanding of perceived customer value within the life insurance industry in South Africa.

Hedonic value, as defined in Holbrook’s typology (Figure 5), refers to the ‘play’ and ‘aesthetics’ of the experience of purchasing and using the product or service, as well as ongoing interactions with the brand and firm (Sánchez-fernández et al., 2009). This

dimension describes the phenomenological nature of value, where value is created through the experience of interacting with the firm or product. For example, Holbrook's typology of consumer value (Figure 5) seems to suggest that hedonic value dimensions would have an impact on customer perceived value when purchasing a product in store versus online, and that the aesthetics of the store front or online store, as well as the feelings associated with the different experiences created through each channel, would influence the overall perceptions of value of that customer. In the same vein, consumption experiences and 'value in use' could also have an impact on hedonic value, and as a result on overall customer value perceptions. In the context of traditional life insurance, it could be argued that this is less important as consumption, in the traditional sense, does not take place during the life of the policy. Alternatively it could be argued that an experience occurs during every service interaction with the insurer, both directly and indirectly, and that this could have a hedonic impact on perceived customer value. Traditionally, service interactions for life insurance were minimal, but more modern insurers in South Africa seem to be trying to increase the frequency of interactions between the insurance firm and the customer during the life of the policy through the introduction of loyalty programs and rewards, which should have an impact on hedonic value components resulting from these interactions. The Discovery Vitality loyalty and wellness program is a good example of this in the South African insurance context. This component was deemed important to the study as it could be an advantage that a smaller start-up company could have over a more traditional player, and could influence the impact and likelihood of disruption in this context.

Addis and Holbrook (2001) seem to have addressed hedonic value more holistically by associating hedonic value with any feeling or subjective response derived from the consumption experience and from interactions with the firm, more than just those associated with 'play' and 'aesthetics' as included in Holbrook's typology of consumer value (Figure 5). This seemed to imply that hedonic value considers the emotional and less tangible value dimensions associated with the product, firm and purchase experience. In the context of the life insurance industry, it can thus be argued that hedonic value dimensions can be explored in terms of 'peace of mind', or the ability of the life insurance product to guarantee the financial security and wellbeing of the customer's family in the future, 'trust' of the brand to deliver the service at some point in the future, and 'confidence' in the ability of the brand to

fulfill the promise made. Ruiz et al. (2008) defines customer confidence as “having belief, trust, or faith in an organization, its staff and services” (p.4). The ‘peace of mind’ value element is likely to be subjectively based on the customer’s perception of their own needs, and is likely to be influenced by an individual’s particular context. For example, when someone has a child, the need for ‘peace of mind’, as provided by life insurance, may increase due to the increased need to ensure that their child will be taken care of financially if something were to happen to them. The elements of trust and confidence however would likely dominate in the provider’s sphere, and be influenced by the longer term relationship between the service provider and the customer. Since the relationship is based on the promise of service delivery at some point in the future, it could be argued that the a customer’s perception of the company’s ability to deliver on this promise (financially able and still in existence) and their willingness to deliver on the promise (likelihood of paying the claim) would become highly important when evaluating perceived value in this context. This study aimed to explore these hedonic dimensions of value and the importance of these dimensions within the life insurance context. These assertions on hedonic value were then tested qualitatively through this study, from the perspective and experiences of active and prospective life insurance customers, and Holbrook’s typology of consumer value was then adapted to create a foundation for the understanding of perceived customer value within the life insurance industry in South Africa.

Holbrook’s Typology of Consumer Value (Figure 5), also addressed the Altruistic dimensions of value which talks to the ethical and spiritual dimensions, influenced by a customer’s subjective context, which can influence value as perceived by that customer (Sánchez-fernández et al., 2009). The English Oxford Dictionary defines altruism as a “disinterested and selfless concern for the well-being of others” (English Oxford Dictionary, 2017). These altruistic dimensions of ethics and spirituality thus generally sit outside of the control of the firm as they are governed by the customers own intrinsic value system, which is by nature subjective, as well as the customers cultural and religious context. The importance of altruistic value dimensions in the context of life insurance was then tested qualitatively through this study, from the perspective and experiences of active and prospective life insurance customers, and Holbrook’s Typology of Consumer Value (Sánchez-fernández et al., 2009) was then adapted to create a foundation for the understanding of perceived customer value within the life insurance industry in South Africa.

Due to the level of comprehension of Holbrook's Typology of Consumer Value (Figure 5) as a means of assessing perceived value in terms of its dimensions and influences, this study made use of Holbrook's Typology of Consumer Value (Figure 5) as a starting point with which to understand perceived value in the context of the life insurance industry in South Africa, and on which to build and develop a value model specific to this context. As such, and for the purpose of this study, the model was adapted for the context of the life insurance industry with the most relevant value dimensions for life insurance depicted. The aim of the study was to test the importance of each value dimension in the context of the life insurance industry, and to confirm the existence of other value dimensions to be included in this context. The model was then adapted accordingly with the intention of answering the following research questions: **What do customers perceive as value when purchasing life insurance in the South African context and what influences this?** The relative importance of each value dimension, in the context of life insurance and from the customers' perspectives and experiences, was then used to make an assessment on the likelihood of disruption in this context, based on differences in customer perceived value for different types of life insurance companies (smaller start-ups versus larger, more established firms).

2.5 The Trust Value Dimension

Much of the value literature had recognised trust as an important customer response in relationship marketing and had affirmed the subjectivity of this dimension (Addis & Holbrook, 2001), as well as the importance of trust in customer purchase decisions and customer loyalty. This is likely to be especially important in life insurance where thinking about protecting and supporting one's family after death is likely to be a highly emotional process. This research paper aims to test the idea that trust is highly important in this specific type of interaction; the literature seems to support this view. Addis and Holbrook (2001) have defined trust as a "social exchange", emphasise that trust is built gradually over time, and suggest that trust is built by parties "demonstrating a capacity to keep promises and showing commitment to the relationship" (p.6). Much of the literature has defined trust as the perceived ability and willingness of the service provider to fulfil its expected function, and has asserted that the importance of this trust dimension increases with uncertainty (

Chaudhuri & Hoibrook, 2001; Chase & Dasu, 2014). The literature has also emphasized the importance of trust in the service context in particular, and that this importance varies with industry (Chase & Dasu, 2014; Ruiz et al., 2008). This seems to support notions of the importance of trust in the life insurance industry where the product being sold is a promise of something in the future, and as such where much uncertainty could be seen as evident in this environment.

Confidence in the ability of the company to deliver on this promise should thus become exceptionally important in this service context. It could be argued that the promise of service delivery in the life insurance industry has value potential, and real value is only created when the promise of service is fulfilled. Through this line of thinking, it could be argued that, if a service provider is unable to fulfil this promise, negative value would result as the customer has paid money for a service over a period and has received no benefit. This emphasises the importance of the ability of a service provider to deliver on this promise within the life insurance context. Another line of reasoning could argue that 'peace of mind', which the customer gets from having the life insurance product, would in itself create value for the customer. Again, peace of mind is likely to be reliant on perceived trust and the confidence that the customer has in the ability of the insurance provider to deliver on this promise at a future point in time. One of the aims of this study was to explore the importance of these value dimensions of 'trust' and 'peace of mind' compared to other value dimensions depicted in Figure 5, in the context of life insurance.

Chaudhuri & Holbrook (2001) have advocated that trust is determined through "a calculative process based on the ability of an object or party (e.g., a brand) to continue to meet its obligations" (p.2). Trust can thus be viewed as a customer value dimension that is created overtime and through multiple interactions with a company or brand, either directly or indirectly (Addis & Holbrook, 2001). Trust can be seen to be influenced directly through service encounters with the company itself resulting in lower levels of uncertainty with every interaction (Kim et al., 2015; Ravald & Grönroos, 1996; Ruiz et al., 2008), and indirectly based on the overall perceived brand reputation (Ruiz et al., 2008). It could be argued that more established brands have a higher sense of perceived trust and confidence than smaller more unknown brands, and the literature seems to support this view. Ruiz et al. (2008) has

asserted the importance of an established brand for increased perceived trust by stating that “a strong brand creates feelings of proximity, affection, and trust and thus contributes significantly to customer perceptions of value (p.4)”. Chaudhuri & Holbrook (2001) have asserted that brands have the potential to elicit trust from customers.

In the life insurance context in particular, where interactions with the brand are likely to be few and far between, it is likely that trust could be influenced by other people’s experiences passed on ‘by word of mouth’ interactions or through social media. Again, a more established brand is likely to experience more of these customer to customer interactions which have the ability to influence perceived trust and confidence. As mentioned above, life insurance is essentially a promise of service delivery at some point in the future, and thus trust in this context would likely rely on the customers confidence in the ability of the company to deliver on this promise, which would likely be dependent on the likelihood of future solvency of the company as perceived by the customer. It could be argued that larger and more established brands, with a high present level of solvency, and who have been able to pay claims successfully in the past, would have higher levels of perceived confidence than newer and less established brands. These assertions were tested qualitatively through this study, from the perspective and experiences of active and prospective life insurance customers to assess whether larger, more established life insurance companies, with a well-known brand, evoke higher levels of perceived value than new start-up life insurance companies in South Africa.

Through insights from the above, the research study provided findings to answer the following research question: **What influence is customer perceived value likely to have on disruption of the life insurance industry in South Africa and what is the likelihood of disruption as a result?**

3 CHAPTER 3: Research Questions

This chapter presents research questions, as unpacked in the literature review in Chapter 2, to be answered as the purpose of this study.

- 3.1 Research Question 1:** What do customers perceive as value when purchasing life insurance in the South African context and what influences this?

- 3.2 Research Question 2:** What influence is customer perceived value likely to have on disruption of the life insurance industry in South Africa and what is the likelihood of disruption as a result?

4 CHAPTER 4: Research Methodology

4.1 Introduction

The aim of this study was to explore customer perceived value in the life insurance industry in South Africa and the impact it would have on disruption in this context. This Chapter details and defends the research methodology and design decisions used for data collection and analysis during this research study, and highlights the limitations of this research.

4.2 Research Design

This research had two main objectives. The first objective was to thoroughly unpack perceived value in the context of life insurance, and all influences on this. Value research has indicated that value has hedonic and altruistic components over and above the traditional economic exchange elements (Addis & Holbrook, 2001; Ruiz et al., 2008; Sánchez-fernández et al., 2007, 2009), and this was something that the study explored in the context of life insurance in South Africa. The second objective of the study was to understand the impact that perceived customer value would have on purchasing decisions in the life insurance context, and if this influence would encourage or discourage customers from taking up life insurance with smaller disruptive insurance providers over more established insurance firms. This study had not been performed previously and as such results were largely unknown before commencement of the study; as a result an exploratory study was deemed most appropriate to yield the most valuable results. This was the most applicable choice of method given the lack of consensus regarding perceived value research in general (Gummerus, 2013), and the lack of research on perceived value in the context of life insurance (Tiefenbacher & Olbrich, 2015). The aim of the study was to lay a foundation for customer value studies in the life insurance industry.

4.2.1 Techniques, Procedures and Choices

An exploratory research study, using qualitative methods, was utilised for this study. As described above, the topic required the dissection of complex principles, such as physiological and emotional impacts on purchasing decisions and perceived value in the context of life insurance. The intent of qualitative research is to explore participant's views

from their individual perspectives (McCracken, 1988a), which was critical to this study given the subjective nature of the value elements being assessed. Qualitative research was also deemed best suited given the lack of previous research and consensus on perceived value in life insurance in particular, and on value in general (Gummerus, 2013). Saunders and Lewis (2012) have suggested that exploratory and qualitative research should be conducted through a thorough review of the academic literature and through in-depth interviews; both methods were applied during this study.

A Mono-method approach was taken for this study. Since the study aimed to assess hedonic value dimensions, ensuring the collection of richer and more in-depth insights into customer views and emotions was critical, especially given the subjectivity of the value dimensions under assessment. Qualitative research, performed through a series of interviews directly with existing and prospective life insurance customers, allowed for this. A multi-method approach could have been taken, where quantitative methods could have been used to confirm findings derived qualitatively (Saunders & Lewis, 2012), the problem of this however was the tight time constraints around the project. As such only a qualitative approach was taken as a logical first step, and quantitative testing, to confirm findings with scale, was suggested as a recommendation for future studies.

4.2.2 Strategy and Time Horizon

To thoroughly dissect the concept of perceived value in the life insurance context, Holbrook's 1994 Typology of Consumer Value (Sánchez-fernández et al., 2009) was used as a starting point, and theory within the life insurance context was developed from there. As such two research strategies were deemed appropriate and utilised during this study; both a grounded theory approach and phenomenological approach were utilised.

Firstly, a grounded theory approach was followed with the intention of using a qualitative study to test the applicability of Holbrook's Typology of Consumer Value in the context of life insurance, and to adapt the theory to construct a value model most appropriate for life insurance. Grounded theory is intended to develop theory and is appropriate in a study, such as this one, where little research has been done on the topic (Creswell, Hanson, Clark Plano,

& Morales, 2007). In this particular case the intention was to expand on existing theory, but in a specific context, namely the life insurance context. For this reason coding was first performed deductively using codes derived from Holbrook's typology of Consumer Value (Sánchez-fernández et al., 2009), and later inductively using an open coding approach (Creswell, Hanson, Clark Plano, & Morales, 2007).

Due to the subjective nature of perceived value, the subject under study, a phenomenological strategy was also deemed appropriate to truly understand the emotional influences on value perceptions through individual experiences both with life insurance products and providers. Phenomenological studies are concerned with individual's perceptions around a particular experience and are intent on understanding the subjective, in this case subjective perceptions of value regarding life insurance (Creswell et al., 2007). The intention and value of a phenomenological approach is to identify and highlight specific phenomena based on how they are perceived by participants, and to describe commonalities of the experience of different participants in order to gain an understanding of the "universal essence"(p.17) of the experience amongst a particular group (Creswell, Hanson, Clark Plano, & Morales, 2007). As a result, textual descriptions were captured so that the true feelings of individuals could be portrayed through this study. A phenomenological approach aims to understand and describe rather than to explain and thus the starting point needed to be free from bias or hypotheses (Husserl, 1970). Although observation is also an appropriate method for phenomenological research, in-depth interviews are seen as the most effective method and as such were utilised for this study (Creswell et al., 2007). More details on the approach used for the interviews and data collection will be provided in a later section.

A cross-sectional approach was selected primarily due to the time constraints for this research project. Cross-sectional research provides a snapshot as it addresses a particular topic at one point in time (Saunders & Lewis, 2012).

4.2.3 Approach and Philosophy

A combination of a deductive and inductive research approach was utilised. The study took

Holbrook's 1994 framework, namely Holbrook's Typology of Consumer Value (Sánchez-fernández et al., 2009), as a deductive starting point for this research, and then used in depth interviews to test this deductively through coding and analysis. Once Holbrook's existing model was tested deductively for applicability in the given context, an inductive approach was then used to develop new theory on perceived value in the life insurance context to fill the gaps identified.

The inductive approach made use of both the phenomenological and grounded theory strategy, as described above, in order to lay a foundation for customer value studies in the life insurance industry in South Africa. In an inductive approach, theory is developed and not tested through research (Saunders & Lewis, 2012). Saunders & Lewis (2012) explain that induction is useful "to gain an understanding of the meaning humans attach to events"(p.109) which was important in this context given that the subject under investigation was subjective by nature.

"Interpretivism relates to the study of social phenomena in their natural environment" (Saunders & Lewis, 2012). An interpretive approach was selected as this supports the exploratory, grounded theory, and phenomenological research design, and strategy of performing in-depth interviews where the beliefs and opinions of the small sample interviewed were reflected. This philosophy aligns with the exploratory research approach which was followed, as defended above.

4.3 Population and Sample

4.3.1 Population

'The population' is defined as the complete set from which a sample or sub-group is selected for a research study and its intended purpose is to narrow the scope of the study (Saunders & Lewis, 2012). The population set that was used for conducting interviews in this particular study was both current and prospective life insurance customers within South Africa. Current and prospective life insurance customers were defined as any person with an identified need for life insurance and who could currently afford underwritten life insurance products available on the market. Customers, who could afford non-underwritten products such as

funeral products, where pricing is based on pooled mortality risk of all participants, were excluded from the population set. The geographic reach for the study was limited to South Africa in order to narrow the scope of the study to this particular market; it is likely that findings in other markets may be considerably different due to cultural context.

The all Media and Product Study (AMPS) segmentation guidelines, as published by the South African Audience Research Foundation (SAARF), were reviewed in detail. Since one of the criteria for the defined population set was the ability to afford underwritten life insurance products, it was decided that the LSM (Living Standards Measure) group guidelines, as published by SAARF on their website, would be used to define the total population group for this study. LSM groups 8 to 10, as defined in Table 4 below (South African Audience Research Foundation, 2016), were selected as the most appropriate LSM groups to be included in the population set for this study. These are the groups that are generally targeted for underwritten life insurance products within South Africa. To ensure that the sample group fit within this population group, participants were asked up front during the interview if they were able to afford underwritten life insurance; all participants interviewed met this criteria.

Table 4 Characteristics of LSM groups to be included in the population set

	LSM Group 8	LSM Group 9	LSM Group 10
Age	25 +	35 +	35 +
Gender	Female Bias	Male Bias	Male Bias
Average Monthly Income	R18 210	R24 212	R37 709
Education Level	Matric and Higher	Matric and Higher	Matric and Higher
Residence	Urban	Urban	Urban
Financial Inclusion	Full access to services and bank accounts	Full access to services and bank accounts	Full access to services and bank accounts

Source: Adapted from the South African Audience Research Foundation, 2016

Two other limitations were placed on the population set in order to ensure the criteria, that

participants have an identified need for life insurance, was met. Firstly, it is known that the need for life insurance generally decreases as income increases, as a result of savings being available as an alternative to life insurance. This generally occurs as people get older. The cost of life insurance also increases with age as a result of increased mortality risk, and so the perceived value of these products is likely to reduce with age. As a result, and to reduce noise in the study, the age of the population set was restricted to 45 in order to ensure more conclusive results by restricting the population set to participants who have an identified need for life insurance. Secondly, the need for life insurance should also increase with the number of dependents. According to Statistics South Africa (2014) the most recorded births occur to mothers between the age of 20 and 29 years old (Statistics South Africa, 2014), and it is likely that people within the defined LSM groups for this study are more likely to be on the upper end of this scale. For this reason the minimum age for the population set was restricted to 25.

The population set was thus defined as current and prospective life insurance customers within South Africa, who fall within LSM groups 8 to 10, and between the ages of 25 and 45 years old. The South African Audience Research Foundation (2016) indicates that the population size within LSM groups 8 to 10, and age groups 25 to 49, is 147 300 people, as per their 2014 AMPS results (South African Audience Research Foundation, 2016).

4.3.2 Unit of Analysis

The research preparation phase involved the selection of a suitable unit of analysis to ensure the credibility and usability of the responses collected (Elo et al., 2014). The unit of analysis refers to the single element being analyzed in order to gain insights for the study (Saunders & Lewis, 2012). The unit of analysis chosen for this research study was an individual customer.

4.3.3 Sampling Method and Size

Non-probability sampling was used for this study as statistical generalisability was not required given the phenomenological and grounded theory approaches utilised (Guest, Bunce, & Johnson, 2006). Purposive sampling, the most commonly used form of non-

probability sampling, was used, as it was deemed the most appropriate method for collecting a small sample for qualitative research as required for this research study (Guest et al., 2006). Many types of purposive sampling exist, the commonality being that “participants are selected according to predetermined criteria relevant to a particular research objective” (p.3) (Guest et al., 2006). In this particular study, the research objective was to understand perceived value of life insurance as experienced by the participants in the study, and to make observations on the likelihood of disruption in the life insurance industry as a result of this. A secondary objective was to adapt Holbrook’s Typology on Consumer Value (Sánchez-fernández et al., 2009) for relevance in the life insurance context in South Africa. A purposive sample was selected to ensure relevance for this study, and to increase the likelihood of meeting the objectives through the participants selected. The participants were required to be part of the population set defined above, and as such required a need for life insurance and needed to be able to afford the products available on the market. The sample set also needed to be sufficiently heterogeneous in order to provide a diverse phenomenological view of customers from different contexts, and to avoid bias.

The purposive sampling technique of criterion sampling was used to ensure sufficient heterogeneity of responses in order to avoid sampling bias. The need for life insurance often changes with life stage, and life stage is often closely related to age group. Also, perspectives can be different based on gender. As a result, the criterion for sample selection was based on age group and gender. A process of judgmental sampling was then utilised during the selection of participants to ensure the selection of the most suitable candidates who would most likely have a need for life insurance and with the intention of reducing bias by ensuring heterogeneity.

The literature suggested that five to twenty-five participants as a suitable sample size for studies of this nature which take an interpretive approach (Polkinghorne, 1989). As advocated through research, the actual number of participants interviewed was based on the point at which theoretical saturation occurred (Guest et al., 2006). According to Gust et al. (2006) “theoretical saturation occurs when all of the main variations of the phenomenon have been identified” (p.7) and where there are no new themes emerging from the responses (Guest et al., 2006). The research by Gust et al. (2006) suggested that twelve

participants should provide sufficient saturation for purposive samples. Gust et al. (2006) does however suggest that the sample size may need to increase as the heterogeneity of the participants increases. The sample set was deemed sufficiently homogeneous given that participants interviewed all formed part of a similar income group and age bracket, and that all had an identified need for life insurance as per the criteria determined for the population group, as defined above. A sufficient level of heterogeneity of the sample set was also ensured during sample selection in order to ensure conclusive results and to avoid bias. This was ensured by selecting a sample with varying age groups, genders and ethnic backgrounds. Participants from different employment backgrounds were also selected. As suggested by the research a sample size of twelve was selected initially (Guest et al., 2006), and was continually tested for saturation throughout the process with the intention of performing further interviews if twelve was found to be insufficient through saturation analysis. Saturation was reached after interview nine, as per details provided below, and so no further interviews were performed.

Given the sampling technique defended above, a table of criteria for selection of the sample was produced up front, before participants were approached, in order to ensure sufficient heterogeneity within the sample set. This detail is evident in Table 5 which depicts the plan used for sample selection, and the intended number of participants to be selected into each of these groups based on age and gender, in order to give a total of twelve participants. Although this may look like a quota sampling technique, this is not the case as quota sampling ensures a sample which has the same proportion of individuals in each category as in the population set. This is not the case here, and instead a combination of judgmental sampling and criterion sampling was used to fill each of the categories with participants to ensure sufficient heterogeneity. For this reason, the table of criterion for selection of participants for this study was used as a guideline and was open to judgement during the actual sample selection process. This supported the assertion that a combination of criterion sampling and judgmental sampling was used, and the purpose being to ensure a heterogeneous sample of participants within the defined population group so as to avoid sampling bias and to ensure the most appropriate set of participants needed to ensure conclusive results.

Table 5 Indicating the base criteria used for sample selection to ensure a heterogeneous sample set

Sampling Criteria	Total			
	25-32	33-38	39-45	
Female	2	2	2	6
Male	2	2	2	6
Total	4	4	4	<u>Total Sample Size: 12</u>

Judgmental sampling techniques were then used further to ensure a representative sample with ethnic diversity, and from different career backgrounds, in order to further ensure heterogeneity in the sample set.

4.4 Data Collection Methods and Research Instruments

The data collection methods applied for this qualitative study aimed to generate primary data through the use of in depth interviews with current and prospective life insurance customers in South Africa, as per the sample of participants selected as described above. This is a typical method of data collection for qualitative research (McCracken, 1988b) as per explanations provided in the methodology section above. This allowed the researcher to gain a deep understanding of the opinions and perspectives of the participants on the topic, as required of exploratory research (McCracken, 1988b), and in order to provide a foundation on which further research can be done.

The literature has suggested several different approaches to data collection for qualitative research. This study chose to utilise a method of semi-structured interviews, supported by audio recordings and typed word-for-word transcriptions of the interviews. This data collection method meant that critical topics and questions were drawn from the literature review and put into a guide to assist in navigating discussion with participants during the interviews. This semi-structured approach ensured flexibility during the interview process by allowing the researcher to change the order and structure of the questions asked, whilst

ensuring that all key topics were still covered (McCracken, 1988c). This data collection method supported the phenomenological approach of this study as it allowed the researcher to delve deeper into topics where the experience and insight of a particular participant on a topic was of value, and allowed the researcher to pass over topics of less importance for a particular participant or where the answer had already been addressed elsewhere in the interview (McCracken, 1988c). This allowed the researcher to guide the interviews most optimally in order to collect data most relevant in answering the research questions put forward in this study.

The data collection method made use of three key stages as described in more detail below. The first phase was 'preparation' where by a guide was prepared in order to assist in partially structuring the flow of the interviews, as suggested by McCracken (1988), and where participants were approached, and the interviews set up. The second phase was the actual data collection process of performing the interviews with the selected participants, and the third phase was the process of transcribing the interviews for input into a digital analysis tool.

4.4.1 Preparation

As discussed above, it was decided that a method of semi-structured interviews would be most appropriate and would be utilised for data collection for this study. As such a semi-structured interview guide was drafted (please refer to Appendix A for the interview guide used). The interview guide was designed according to McCracken's (1988) Long Interview, and its intention was to assist in extracting the most relevant data for the study from the participants interviewed; namely individual customers' perceptions of value when purchasing life insurance and factors that influence this. The purpose of the guide was to provide the necessary structure whilst still allowing for a fluid process where additional questions could be asked based on responses from the candidates (McCracken, 1988c). To ensure consistency across responses the same guide was used when administering all interviews. The intention of the guide was to provide broad and non-directive questions to the interview process in order to derive the most value from the process, and according to the research questions under analysis.

As suggested by McCracken (1988) biographical questions were placed up front in the guide with the intention of understanding the participants' life contexts in more detail first. The placement of these questions upfront was beneficial as they helped to set the scene for the answers that followed, they made the participants feel more comfortable and at ease with the researcher, and they enabled the researcher to confirm that the participants met the criteria of the population group required for the study (McCracken, 1988c).

The guide then included "grand-tour questions" (p.6) which, as advocated by McCracken (1988), must be "non-directive" (p.6) and must allow the participant to talk freely about his/her own experience in the context of the questions provided (McCracken, 1988c). These grand-tour questions were put together based on the key intention of the study which was to answer the research questions put forward as an outcome of the literature review. The topics reflected in the grand tour questions were thus designed to extract the most relevant information, during the data collection process, required to answer these research questions. As suggested by McCracken (1988), the grand tour questions were kept to a minimum, five questions only in this case, and questions were kept broad with the intention of allowing the participant to speak as freely about the topic as possible so to avoid any bias or influence from the researcher. Due to the broad nature of the grand tour questions, floating prompts were also provided as part of the guide, as suggested by McCracken (1988). The intention of the floating prompts was to ensure that the outcome of the interviews met the objectives of the study and would help to answer the research questions put forward as part of the study. The intention of the floating prompts was to allow the researcher to direct the participants appropriately so that they did not diverge too much from the topic under investigation, to ensure that all key points under investigation were addressed, but whilst still allowing the participant to speak freely and without influence or bias from the researcher.

Lastly, the guide included a list of planned prompts right at the end of the interview; these were essentially topics which were only explored by the researcher if they had not already been addressed as part of answers to the grand tour questions. According to McCracken (1988) "These planned prompts should be placed in the interview at the very end of each

question category, so that they are not asked until, and unless, the material they are designed to elicit has failed to surface” (p.7).

The last step in preparing for the interviews was to contact the participants. Each participant was called telephonically at a time deemed convenient by the participant; introductions were made by the researcher, the topic and intention of the study briefly explained, confirmation that the participant was comfortable to take part was requested, and interviews were arranged. Fifteen potential participants were approached in total, and three of these were not interested to take part. Once the interest of the participants was confirmed, a follow up email was then sent to each interested participant outlining the intention of the study and to confirm the time agreed on for the interview. An informed consent letter was also provided over email informing the participant that participation in the interview was voluntary and that all information collected would be kept confidential (Please see Appendix B for the informed consent letter used). The informed consent letter was then completed and sent back to the researcher before each interview. The interviews were then scheduled at a time and location that was convenient to the participant, and confirmed the day before the interview via email.

4.4.2 The Data Gathering Process

As described and defended above, a process of semi-structured interviews was followed for qualitative data collection for this study. McCracken’s Long Interview process (1988) was followed as this contained best practice insights regarding the process of administering semi-structured interviews as required of this study. McCracken’s Long Interview process (1988) proposed ways of ensuring data integrity by minimizing the researcher’s involvement in the interview, thus reducing influence and bias by the researcher. This process would allow the collection of data showing the participants true feelings and experiences around the topic at hand. The researcher’s involvement was reduced, thus minimising bias, through the use of grand tour questions which required the participant to speak freely and with minimal intervention from the researcher. The researcher would only respond with prompts as and when the need arose in order to direct the conversation back to the topic at hand, or to stimulate conversation when it slowed.

A method of face to face interviews was preferred and most interviews were administered in this way. Only one interview was administered through the use of digital tele-conferencing facilities as the participant was based in a different city to the researcher. Most interviews took place at the GIBS MBA campus, and others took place in a quiet meeting room at the offices of the participants. All interviews were administered in English as both the researcher and all participants were fluent in this language.

4.4.3 Data Transcription and Input into an Analysis Tool

After the interviews were complete, all interviews were transcribed, as per best practices for long interviews and in order to assist with analysis. Interviews were transcribed verbatim into a digital word processing tool. Transcribing verbatim was essential to properly depict the experiences and perspectives of the participants, and free from any bias from the researcher including observer bias. Observer bias refers to the tendency of the researcher, based on their own expertise and subjective opinion, to observe what they expect or desire to see from the study. Given the phenomenological approach taken for this study, it was imperative that the researcher's voice was not evident in the data collected, and that the data reflected the true opinions and feelings of each of the participants (McCracken, 1988b). This was ensured both through the data collection method used by applying the long interview technique advocated by McCracken (1988), and through verbatim transcription. A third party service was utilised for transcription to further ensure a word for word copy of the interviews, and to further remove any bias on the part of the researcher. Verbatim transcripts were then reviewed by the researcher and corrected where required; 20 hours were dedicated to this part of the process. Transcribed interviews were then reviewed and imported into the atlas.ti qualitative data analysis tool to be used for coding. 50 hours were dedicated to coding using the atlas.ti tool, details of which are provided below.

4.5 Qualitative Data Analysis Approach

Best practice for qualitative analysis suggests that interview responses should be coded as part of the qualitative data analysis process. The intention of coding is to group core ideas and themes to make meaningful connections and comparisons between interviews from different participants and to organise a large amount of highly unstructured data collected

through qualitative research studies such as this one. The digital Atlas TI coding tool was selected and utilised for coding of all interview transcripts for this study. The study made use of best practice in terms of coding; the process that was followed is outlined below. Coding was performed using ideas from the research questions and the literature as a base, specifically Holbrook's Typology of Consumer Value (Sánchez-fernández et al., 2009) which was used as a base value model for this study. As such, coding was initially performed deductively using a list of pre-defined codes, and later inductively through an open coding approach with the intention of highlighting new topics emerging from the interviews; this assisted both in understanding customer perceived value in the life insurance industry, and in adapting Holbrook's Typology of Consumer Value (Sánchez-fernández et al., 2009) specifically for use in the life insurance industry in South Africa. Data analysis also followed the phenomenological approach for this study by identifying rich quotes from interviews to be provided as evidence to the research questions posed, and from the perspective of actual customers. Coding allowed for key ideas to be grouped so that results could be derived and presented herein. As discussed, the intention of this research paper was to lay the foundation of the previously understudied topic of perceived customer value in a life insurance context, which could then be tested further in future studies.

4.5.1 Data Analysis: Coding

As discussed and defended above, both deductive and inductive coding was utilised, but at different points during the process. The reason for these two approaches was that there were two core intentions of the study. The first intention was to depict perceived customer value phenomenologically, or as experienced, and from the views and opinions of current and prospective life insurance customers in South Africa, in order to truly unpack and explain perceived customer value in this context; an inductive coding approach was best suited for this objective in order to uncover new themes which emerged from the data. The second intention was to adapt Holbrook's Typology of Consumer Value (Sánchez-fernández et al., 2009) in order to derive an appropriate perceived value model for the life insurance industry; deductive coding was best suited here initially in order to identify themes from the interviews which supported or challenged the existing value model proposed by Holbrook (Sánchez-fernández et al., 2009) in this context, and then inductive coding was used in order to identify

gaps from the existing model in the context of life insurance, and to identify additional themes evident from the data.

Before coding commenced, codes from the research questions and the literature review were incorporated into an initial pre-coding code book; these represented the deductive codes (Appendix C). 45 deductive codes were identified upfront, split into thirteen code families which were then further grouped into eight core groups. Since part of the study aimed to test and adapt Holbrook's Typology of Consumer Value (1994) for the context of life insurance, the four core categories for perceived value as identified by Holbrook, namely economic value, hedonic value, altruistic value, and social value (Sánchez-fernández et al., 2009), were each included as one of the ten core groups, each with relevant sub-codes attached for granularity. Other code families, and associated codes, were included to depict key themes from the research questions such as the topics of 'Trust' and 'Purchase Influences'. An identifier for open codes under each core group were also included as codes so that new emerging themes could be coded, but under each of these core groups. During the coding exercise itself inductive coding resulted both in new codes being identified under each of the core groups, and new core groups being identified, outcomes of which will be represented and discussed in Chapter 5 and 6. All new codes were then added to the final code book. The final code book consisted of 158 codes (45 deductive codes and 113 inductive codes), now split into eighteen code families and nine core groups. Deductive codes from the initial code book that were not discussed at all during interviews were kept in the final code book as results of them not being mentioned were also deemed significant to the findings. The initial code book can be found in Appendix C, and the final code book, pre-analysis, can be found in Appendix D. Table 6 summarises the coding approach and journey from the initial code book to the final code book, prior to analysis.

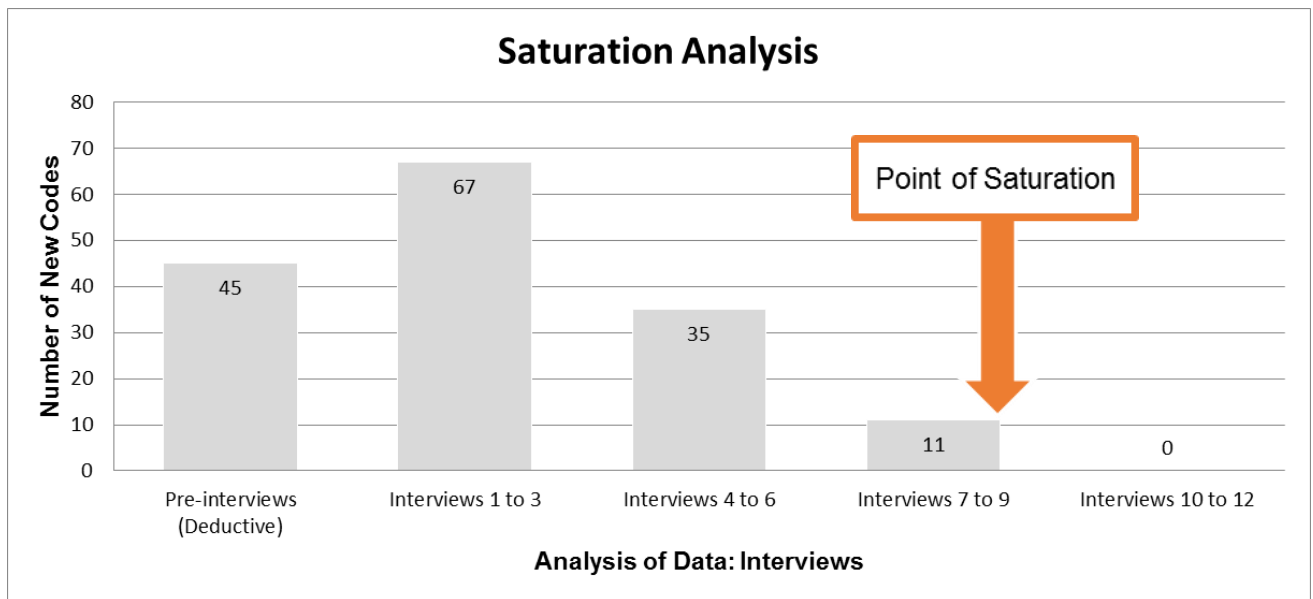
Table 6 Summarising the coding approach and outcomes

Code Book Version	Number of Core Code Groups	Number of Code Families	Number of Codes	Approach
Pre-Coding	8	13	45	Deductive
Final Code Book (Pre-	9	18	158	Both Deductive

Analysis)				and Inductive
-----------	--	--	--	---------------

A saturation exercise was performed during coding to confirm that twelve interviews was sufficient, or if further interviews were required. The target, to ensure a sufficient number of interviews for conclusive results, was theoretical saturation as discussed above. Theoretical saturation is the point during qualitative data analysis where no new data is evident through analysis, and where all ideas under analysis are well established through the data already analysed (Guest et al., 2006). In this specific case, data saturation was evident at interview nine, and at interview twelve there was a level of comfort that all ideas under analysis were well established. As a result, twelve interviews were deemed sufficient, and no further interviews were performed. The results from the saturation analysis are detailed in Figure 6.

Figure 6 showing results from the saturation analysis performed



4.5.2 Data Validity

As discussed above, the following steps were utilised to ensure validity of the data presented:

- Sufficient heterogeneity of the sample set was insured through the approach taken for sample selection to reduce sample bias

- The long interview approach prescribed by McCracken (1988) was utilised; this approach was designed to avoid researcher bias and ensure data validity when performing qualitative research (McCracken, 1988c).
- A semi-structured interview guide was used to ensure consistency across interviews but with sufficient flexibility to dig deeper where appropriate (McCracken, 1988c).
- The same guide was used when administering all interviews to ensure consistency
- broad and non-directive questions were used during interviews ensuring data integrity by minimizing the researcher's involvement in the interview, thus reducing influence and bias by the researcher (McCracken, 1988c)
- Face to face interviews were used for majority of the interviews
- Word for word transcription was performed by a third party to minimise researcher bias in the analysis and findings
- A systematic approach to coding was utilised through the use of a recommended electronic qualitative data analysis tool (atlas.ti), to ensure consistency during data analysis.
- Saturation analysis was performed to ensure that number of participants interviewed was sufficient for conclusive results.

4.6 The Sample

4.6.1 Demographics of Participants

The above details the process for sample selection for this study; this section presents details of the actual sample used for this study. The research sample interviewed consisted of twelve adults who met the population criteria identified in Chapter 4. As detailed in Chapter 4, the population consisted of all current and prospective life insurance customers within South Africa, between ages 25 and 45, who fell within LSM groups 8 and 10. All participants fell within this group, and this was ensured both by confirming the age of participants up front when selecting the sample, and by confirming age and income as part of the biographical questions asked at the beginning of the interview. The LSM group was confirmed by ensuring that the participants earned above R200 000 per annum, the minimum income defined for LSM group 8 as per details in Table 4. Also, all participants

interviewed were permanent residents or citizens of South Africa. This was ensured in order to meet the objectives of the study which was intended to give a view of perceived value within South Africa. Results in other geographical contexts are likely to be different and further research studies could investigate this.

As detailed in chapter 4, it was essential to also ensure a level of heterogeneity within the sample set in order to provide a diverse phenomenological view of customers from different contexts, and to avoid bias. Table 5 showed the intended base criteria for sample selection, as explained in Chapter 4, but as mentioned this was only a guideline to ensure a sufficiently heterogeneous sample. Table 7 depicts demographic characteristics of the actual sample selected, including age, gender and ethnicity.

Table 7 Indicating the demographics of the sample selected for the study

Participant	Age Group	Age	Gender	Ethnicity	Marital Status	Children	Occupation	Industry
Participant 1	33 - 38	34	Male	Indian	Married	2 Children	Engineering	Non-Financial Services
Participant 2	25-32	31	Male	Indian	Unmarried	No Children	Banking	Financial Services
Participant 3	33-38	34	Male	White	Married	2.5 Children	Logistics	Non-Financial Services
Participant 4	25- 32	32	Male	Black	Married	2 Children	Banking	Financial Services
Participant 5	33 - 38	33	Female	Indian	Married	1 Child	Banking	Financial Services
Participant 6	39-45	39	Male	Coloured	Married	2 Children	Logistics	Non-Financial Services
Participant 7	39-45	45	Male	White	Married	2 Children	Engineering	Financial Services
Participant 8	25-32	27	Female	Coloured	Married	No Children	Banking	Financial Services
Participant 9	25 - 32	31	Female	Black	Married	1 Child	Marketing	Non-Financial Services
Participant 10	33-38	35	Female	White	Married	2 Children	Banking	Financial Services
Participant 11	25-32	29	Male	Black	Married	2 Children	Engineering	Non-Financial Services
Participant 12	39 - 45	42	Female	White	Married	2 Children	Banking	Financial Services

As indicated in Chapter 4, it was important to ensure a diverse sample from different age groups, but between the ages of 25 and 45 as per the criteria defined for the population group. As per Chapter 4, people within this age group are all likely to have an identified need for life insurance products, from the perspective of insurance providers. The need for life insurance is likely to be influenced by life stage, as discussed in Chapter 4, and so it was important to get participants from a range of different ages, within the population age criteria, in order to avoid sampling bias. Three age groups were defined up front prior to participant selection, as per Table 5, to ensure that a good mix of ages was ensured during sample selection. It was also important to get a mix of both males and females in the sample set in order to avoid gender bias within the results. Figure 7 shows the distribution of participants

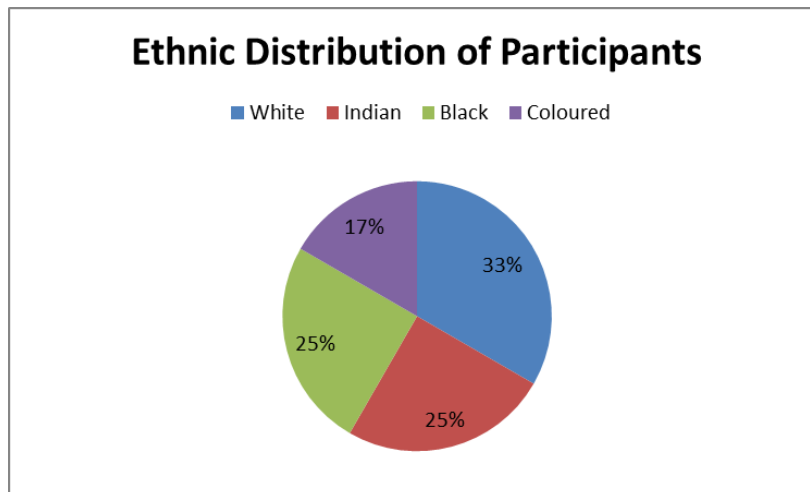
interviewed in terms of age and gender, and illustrates a fairly equal distribution in the sample set in terms of these dimensions.

Figure 7 Showing the gender and distributions for the sample set



Figure 8 illustrates that the sample set consisted of participants from different ethnic backgrounds to eliminate bias which may exist as a result of different cultural beliefs or values; this is as per recommendations for heterogeneity as detailed in Chapter 4. The scope of the research study was restricted to the South African market and so the sample set needed to be representative of the different cultures and ethnic groups evident in this market.

Figure 8 Showing the ethnic distribution for the sample set



The sample set was thus deemed sufficiently heterogeneous in terms of age, gender and

ethnicity, as per the sample distributions apparent in Figures 7 and 8.

4.6.2 Other Sample Observations

As mentioned above, the perceived need for life insurance is often influenced by life stage. The intention of life insurance is primarily to ensure that one's dependents are financially secure after death, and so as people get married and have children their number of dependents increase and so their likelihood to take up life insurance often increases as a result. Figure 9 illustrates the distribution of marital status of participants, as well as number of children that each participant has. These criteria were not considered during sample selection, but this information was collected on participants as part of the interviews as these factors would likely influence the results of perceived value within this context. Only one of the participants was unmarried, and two did not have children. Majority of the participants interviewed had 2 children.

Figure 9 Showing the marital status and number of children for the sample set

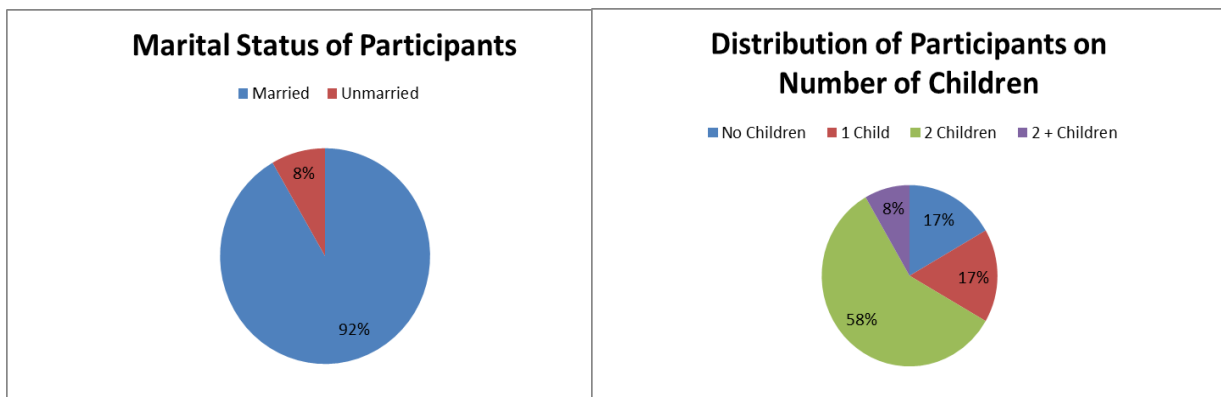


Figure 10 indicates the occupational spread of participants who partook in the study. What was of particular interest was the split between participants in the financial services industry versus non-financial services participants. This criterion was not considered during sample selection, but this information was collected on participants as part of the interviews as occupation may influence the results of perceived value within this context. Given that life insurance is a financial services product, people working within the financial services industry are likely to have a better understanding of these products which may influence

perceptions of value for these products. Seven of the twelve participants worked in the financial services sector which was deemed satisfactory considering that financial services makes up for a large percentage of the total GDP in South Africa and that a large percentage of the total work force in South Africa works in financial services. According to data from the 2017 Quarterly Employment Survey, published by Statistics South Africa, around 22.2% of the workforce in South Africa operates in the financial services industry (Statistics South Africa, 2017). Also the financial services industry is known to provide high comparative salaries (Statistics South Africa, 2017) and so it is likely that employees of financial services organisations are more likely to fit within LSM groups 8 to 10, as per the criterion identified for the population group for this study.

Figure 10 Showing the occupation for the sample set as well as distribution within financial services industry

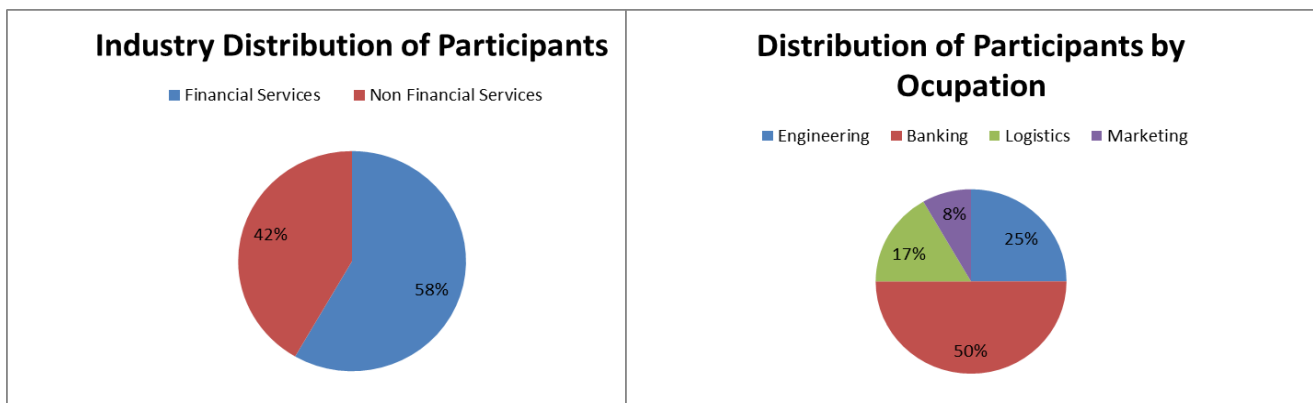


Figure 11 depicts the distribution of participants in terms of life cover type and level of cover. Life cover types were split into three groups, namely participants who had group cover only (as provided by their organization as part of their remuneration package), those that had cover that they had taken out in their own personal capacity, and those that had a combination. This criterion was not included as part of the selection criteria but was deemed significant to the results as cover type could influenced perceived customer value in this context. One participant only had group cover and did not feel that it was necessary to take out life cover in her own personal capacity; all other participants had some level of cover in their personal capacities. Level of cover was defined as either minimum cover or full cover. This was deemed significant in representation of the findings as the level of life cover that

these customers took up was most likely as a result of their different life stages and needs, and as a result of their perceptions of value for the life insurance products. Participants were viewed as having minimum cover if their responses showed them to be highly price sensitive, and if they took the minimum cover needed to cover liabilities. Participants who seemed less price sensitive and took a full suite of products, with higher cover amounts, to ensure that their dependents would be fully covered, were viewed as having full cover.

Figure 11 Distribution of participants according to types of life cover held, and level of cover

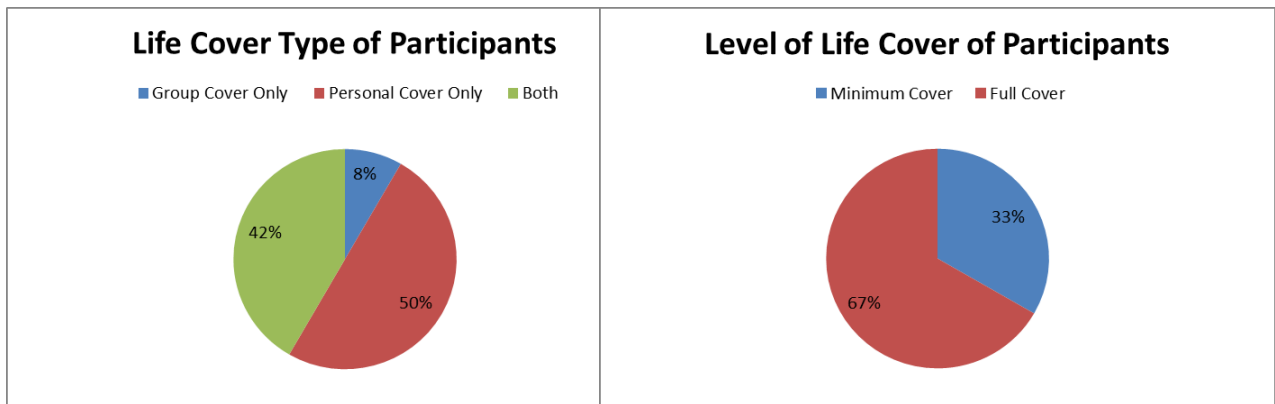
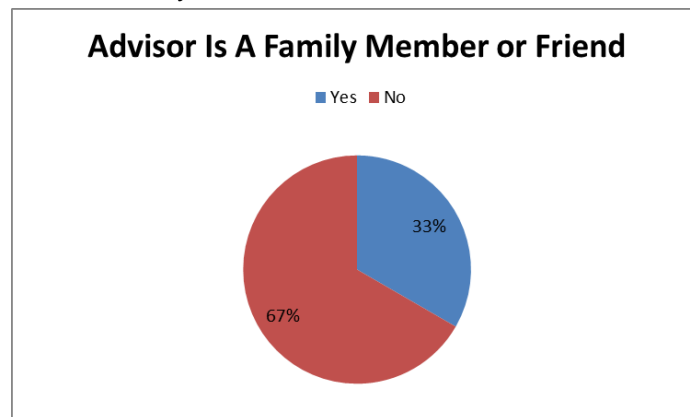


Figure 12 indicates the number of participants who took out life cover through an advisor who was either a family member or a close friend. This was deemed significant in representing the nature of the sample as this would likely have had an impact on purchasing decisions when taking up life insurance. As shown in Figure 12, the number of participants who took out life insurance in this way was quite high.

Figure 12 indicating number of participants who took up life cover through an advisor who was a family member or friend



4.7 Limitations of the Methodology

The following limitations were noted:

- The topic was qualitative and used a philosophy of interpretivism, and as a result, the opinion of the researcher would, by nature of the philosophy, have been evident in the research (Saunders & Lewis, 2012). The intention of this research was to develop a foundational value model for life insurance, and future studies could take a quantitative approach to test the model for more conclusive and transferable results.
- The method involves subjective recollections from a small sample size, and as such generalisability of findings may not be possible; as discussed by McCracken (1988), generalisability of findings is not the aim of qualitative research, but rather access to perspectives of how participants perceive the subject under study.
- Qualitative research has a possible bias as a small sample set is used (Saunders & Lewis, 2012), as was the case for this research. The sampling process tried to ensure heterogeneity of responses through a diverse sample set, but bias can never be completely avoided in this type of research approach.
- The non-probability sampling technique utilised means that the sample was not statistically representative of the population and so results cannot be inferred for the whole population (Saunders & Lewis, 2012). Again, for qualitative studies, this is not something that is required.
- The research was specific to South Africa and so results are unlikely to be the same in other cultural contexts. Also, most participants interviewed were from Johannesburg which could have introduced elements of bias through homogeneity of the sample.
- The approach to interviews used McCracken's Long Interview guide (1988) in an attempt to reduce bias of the researcher in the interview process and results. Researcher bias may however have occurred somewhat as the researcher works in the life insurance industry and has extensive knowledge of the industry. As mentioned, there was an attempt to reduce this risk through the use of broad and non-directive questions which allowed the participants to speak freely with little input and influence from the researcher (McCracken, 1988).

5 CHAPTER 5: Results

5.1 Introduction

As discussed, the purpose of this research study was to unpack customer perceived value in the context of life insurance in South Africa in order to lay a foundation for value studies within this context, and to investigate the likelihood of disruption of the life insurance industry in South Africa through the lens of perceived value from a customer's perspective. As detailed in Chapter 4, this was done through a series of qualitative interviews with twelve participants. Participants were existing or prospective customers of life insurance companies, with an identified need for the products based on the criteria described in Chapter 4, and were not industry experts on life insurance. This was appropriate given that the intention of the study was to investigate customer perceived value in this context. Twelve hours of interviews were performed over a two month period.

As described in Chapter 4, McCracken's Long Interview process (1988) was followed for the interviews, as this was an established method designed to reduce bias of the researcher through the process (McCracken, 1988c). Participants were asked broad questions around what was valuable to them in the life insurance context, and what the negative influences on value in this context were, as well as influences on purchasing decisions within this context. Questions on thoughts and experiences with both life insurance products and providers were posed, and influences on value within these contexts. There were also questions around perceptions of established players versus start up life insurance players, and thoughts on disruption in the life insurance context, in order to make deductions on the likelihood of disruption within this context and from the perspective of customers. The detailed interview guide used is found in Appendix A.

The intention of this chapter was to represent findings from the study which were then discussed in Chapter 6. The findings are represented according to the research questions posed in Chapter 3 in order to organise findings according to the key objectives of this study.

5.2 Presentation of the Findings

As discussed, the purpose of this research study is to unpack customer perceived value

within the context of life insurance in South Africa in order to derive a value model within the life insurance context, and to make assessments on the likelihood of disruption in this context based on customer responses on perceived value for life insurance. A qualitative study was performed with twelve participants, using a long interview process and a semi-structured approach, and the findings are presented herein. This chapter first provides context into general perceptions of life insurance products and providers in order to provide background on how participants viewed the existing life insurance industry in order to provide context for the findings under each research questions; this chapter then unpacks findings according to the research questions posed upfront.

5.2.1 Providing Context: General Perceptions of Life Insurance Products and Perceived Value Influences

This section provides a perspective on how participants viewed the existing life insurance industry (the industry in general and existing life insurance providers), as derived from the interview process performed as part of this qualitative study. As discussed above, this was deemed important in order to provide context to findings for each or the research questions posed.

Perspective on Life Insurance in General

General perceptions of life insurance were provided and helped to create background to the discussions around perceived value. Life insurance was positioned as providing ‘peace of mind’, as a way of ‘controlling the unknown’, and with a high dependency on trust.

Participant 1: “It means peace of mind. It’s a lump sum of money that if I were to pass away it is there for my wife to be able to look after my children.” And he continued by saying “insurance is us as human beings trying to pen down this control.”

Participant 2 supported this assertion of insurance being a way of controlling what we cannot predict by saying: “You need insurance purely based on the fact that what happens if, there is always that if.”

Participant 3 indicated how his needs for life insurance changed over time: “So I think my

perception of life insurance has changed especially in the last four years. It started off as been something I just had to have just to get access finance for property purposes. There was absolutely no extensive need from my side, and sort of life changed and my kids arrived.”

Participant 4 brought in the concept of trust by referring to life insurance as “a trust game, you’ve got to trust the brand.” Participant 11 supported this notion by stating that “For me you are putting all your trust onto someone that they will be able to do this when you are not around. Just like a belief.”

Participant 5, like many of the other participants, linked life insurance to liabilities and protecting ones family: “So I think life insurance to me is looking after the debt that you currently have and looking after the people in your life.”

Participant 6 admitted that he did not know what he was buying into initially, but brought it anyway; a typical characteristic of a credence service: “I must be absolutely honest, that night at that dining room table I still wasn’t sure what I was buying into, right. All I knew at a very high level was that I was going to make a small monthly contribution and if I died my dependants were going to get a bigger contribution”

Perceptions of Life insurance as Complex

Many of the participants described the products as very difficult to understand, again a defining characteristic of a credence service. This sentiment was shared widely amongst participants, although it did not seem to dissuade them from purchasing life insurance products.

Participant 1: “its complex and most people probably in the insurance industry don’t really understand the mathematical model themselves.”

Participant 2: “So for me it is explaining how life insurance works. There are a lot of people that don’t know.”

Participant 6: “I think because there was such a deluge of information and industry jargon in

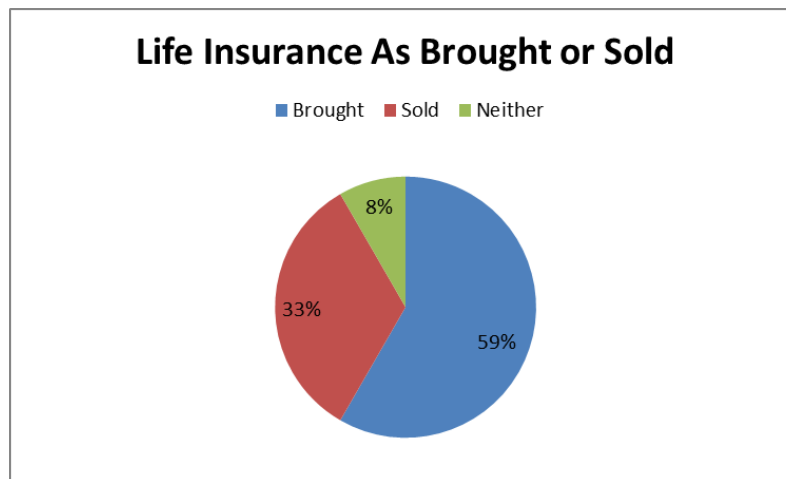
the end I just said ok fine you know, I actually give up, it is a small amount of money and I am now life insured and I feel better.”

Participant 8: “It is quite a big decision and generally you don’t really understand what it is.”

Perceptions that Life Insurance can be both Brought and Sold

There has been a common understanding in the insurance industry, and similar to other credence goods, that insurance is sold and not brought, largely due to the complexity and the difficulty in understanding the need for the products. Figure 13 somewhat disputes these claims as more than half of the participants interviewed in this study proactively took up life insurance. One of the participants had group life cover only and so they are depicted as neither having brought nor been sold life insurance.

Figure 13 showing the number of participants that were actively sold life insurance versus those that proactively took up products



Participant 4 was one of the participants who were actively sold life insurance, and he recalled his experience:

“I think one of the guys called me and then he came and made a pitch. Then he sort of positioned how life insurance works and why I needed it. What it gives you, and the benefits and all that good stuff and he pretty much convinced me to sign up for it. At the time I was quite skeptical about it because I wasn’t married and I didn’t have kids, and so I thought that if I die it is just me, so I didn’t really see any benefit of it. But I think when he positioned it he

said what about when your family comes into play and as you have kids and all that stuff, the benefits starts growing, then I realized the benefit of it”

Many of the participants who proactively took up life insurance (life insurance as brought and not sold) was generally because they had children and felt an innate need to protect them, because of an event that had happened to a close friend or relative that made them more aware of their own mortality, or because they had just taken up a large amount of debt, a house for example, and wanted to ensure that this burden would not be passed on to their loved ones.

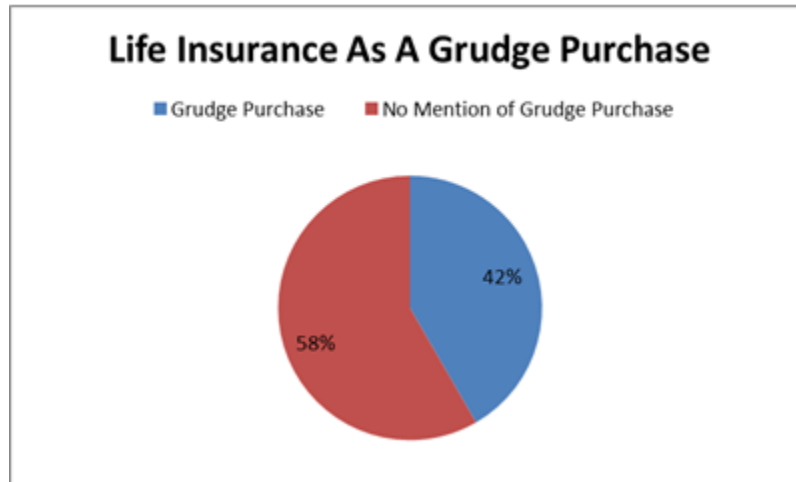
Many of the participants indicated that traumatic events have had an impact on their perceived need for life insurance. These events tended to result in action by the participants to proactively purchase or upgrade their life insurance products.

Participant 7: “I think events around me made life insurance more important; well two things. I think seeing a friend passing away and not provided sufficiently. Also seeing what happened when my father-in law passed away. He had no life insurance. My mother-in-law also has no investments so she is completely dependent on us. So I think those certain kinds of circumstances made me realise that if you leave this too late and if you don’t provide sufficiently now and something happens to you, like my father-in-law, if he had provided sufficiently she would have been fine; but he didn’t.”

Perceptions of Life Insurance as a Grudge Purchase

There has also been this notion in the insurance industry of life insurance as a grudge purchase, or a product that is seen as a necessity but where there is an underlying resentment post purchase. The results of the study supported this somewhat with five of the twelve participants making some mention of life insurance as a grudge purchase, as depicted in Figure 14.

Figure 14 showing the number of participants that made specific mentions of life insurance a grudge purchase versus those that did not



Participant 3 demonstrated his feelings of life insurance as a grudge purchase by saying:

“As much as it is the right decision, it is not something that I gladly spend money on every month and I think it is purely because you don’t perceive the value right now. But should something happen it is obviously a complete flip over and you will certainly appreciate it when it happens provided that there is not a legal loophole in the whole thing.”

This was further revealed by Participant 12:

“I don’t even know what I have got. I guess half of it is probably some of my own problem because it is such a grudge purchase and you don’t want to go and spend more on insurance.”

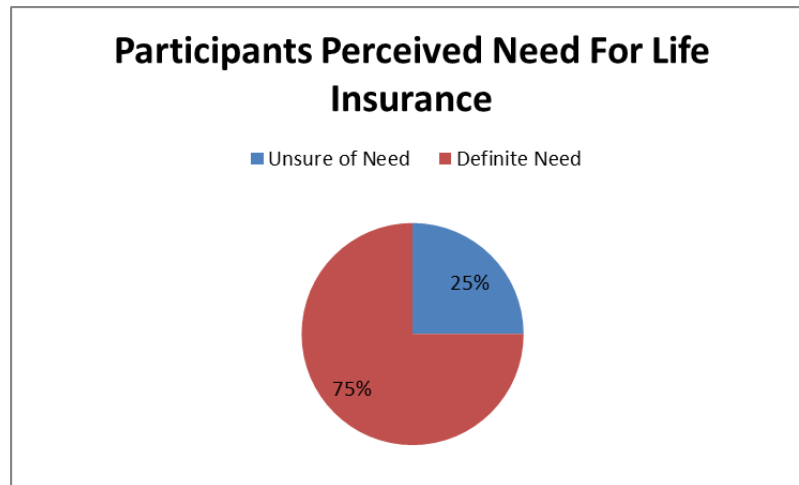
Participant 6 suggested that the lack of immediate tangible value in life insurance may add to the feelings of insurance as a grudge purchase by saying:

“because what you are doing ultimately you are saying that look, if I die one day my dependents and people close to me will benefit from that, but when we take out these policies to when we die sometimes can be like multiple decades and context change and all that kind of thing, and so for you to be dropping contributions into this bottomless well endlessly for years and years, it is really not cool. As to whether it is necessary and desirable and good, I mean, look, I mean I am in two minds about that.”

The Perceived Need for Life Insurance

Even though there was the perception by some participants that life insurance was indeed a grudge purchase, 75% percent of those interviewed viewed life insurance as highly important and necessary and with no real alternatives, as illustrated in Figure 15.

Figure 15 showing the number of participants that view life insurance as a definite need and those that are unsure of the need



A number of the participants saw an absolute need for life insurance without question, as illustrated by responses from Participants 3, 5, 7 and 10 below.

Participant 3: "So is it valuable. Absolutely, in the sense that it does give me a form of peace of mind that, should something happen to me being as the breadwinner of our family, that they will still be ok and I will still be able to allow my kids to have a decent education etc."

Participant 5: "I don't consider anything out there now an appropriate alternative which is why I will make sure that I always have life insurance."

Participant 7: "So I think it is more education. Sometimes I think people know about it but they don't really want to do anything about it because it is easier to take the money and go and spend it on something else rather than actually making provision for something. Or I think they simply just can't afford it. I think in my instance I started too late I should have started a little bit earlier."

Participant 10: “Having two small children I think life insurance is critical.”

Other participants, such as Participants 1 and 12, acknowledged that life insurance is a grudge purchase but that it is still important and that they do have a need for the products.

Participant 1: “Look it is important to me. but if for a relatively fair amount, fair to nominal amount, fair to negligible amount, considering my earning capacity, if it were just a small amount to give me some surety that if something were to happen, that is taken care of, then it has its place and for me it has its place.”

Participant 12: “My perception is very much that it is a bit of a grudge purchase. You don’t want to think about those things, but it is completely necessary.”

Three of the twelve participants seemed more skeptical of their need for life insurance. Participant 6 seemed to see some value of life insurance, but this value was reduced by the perceived benefit that the life insurance companies get from him versus the benefit that he gets from the products. This broader stakeholder view to the economic evaluation of value seemed to reduce perceived value in this context.

Participant 6: “Right now I just look upon them as companies who want to make money off of me, and they do provide a certain amount of safety or security, but I do question whether I need it, how much of it do I need, and I have become very conscious of what I am getting back along the way between now and death, if at all”

Participant 9 has questioned her current need for life insurance. Speaking on the reason for taking up products, she had stated that: “Everyone has told you that you need life insurance, so you just get life insurance. I think that people don’t really know what they are covered for, and I speak for myself as well. You pay stuff but you don’t really know. It comes off my pay slip every single month but I actually don’t know how much I get.”

It is interesting to note that even those that were unsure of the need still had life insurance products and did not seem as if they intended on giving up their cover in the near future.

Two of the three participants who were unsure of the need were the only two participants who did not have children; both acknowledged that their need is likely to increase when they do have children, as discussed by Participant 9:

Participant 9: “So, relatively important now but it will probably be a lot more important going forward...obviously when we do have kids. So yes it will definitely get more important as we get older and with the life decisions we have to make.”

Perceived Value of Life Insurance as Influenced by Age and Life Stage:

All of the participants acknowledged that their needs for life insurance have changed significantly over time and that life insurance companies should be more aware of their changing needs and not offer a one size fits all type of product.

Participant 5: “So I think life insurance initially in my career wasn’t really something important that I thought about, but when I got married it become a little bit more important for me to think, ok what is going to happen in my life if I die or if my husband dies. It became very important when we bought our house, we indebted ourselves quite greatly in the purchase of our house, and the worry was If something happens to one of us or both of us what is going to happen with that debt. It became the most important part of our lives when our daughter was born last year.”

All participants acknowledged that their perceived value for life insurance increased with age, maturity and increased awareness of their own mortality.

Participant 6: “I am 39 now so I took it when I was about 33 or so, when I started feeling that I wasn’t going to live forever, when I started feeling less immortal and I had to confront that one day that I would die, and it seemed to me to be the right thing to do”

Participant 8: “I think because I was so young I kind of thought what are the chances, and as you get older you think actually it can happen in a second.”

Participant 2 was unmarried and did not have children, but found that the value of life insurance for him increased when he started working and could afford the products, almost

like a rite of passage: “Back when I was at varsity and we got these products it really didn’t mean much to me, I knew that we had life insurance products but it was there kind of a thing. We have now, as we have entered the workforce and as we’ve started being able to afford it, we have now decided to take those products over.”

All participants recognised that their perceived value for life insurance has, or would increase, when they had children.

Participant 3: “it is such an emotional decision and especially when you have got kids the last thing you want to do is kind of leave a burden should something happen. So you kind of break your neck to make sure that you don’t.”

Most participants also felt that their life insurance needs would diminish over time as their children were able to support themselves, and as their asset base grew sufficiently, including Participant 3 who stated: “So as things move I am happy that my life insurance requirements will diminish.”

There seemed to be a clear feeling from the responses that there was a close link between life insurance needs and life stage. There was also a repeated sentiment from responses that life insurers were not aware of these different needs, and that the ‘one size fits all’ insurance models available on the market in fact reduced the perceived value of these products.

5.2.1.1 General Perceptions on Life Insurance Providers

General perceptions of the companies that created and sold life insurance products (the providers) were also explored. It was important not only to understand the value of the life insurance products themselves, but also the impact of the brand and the way the products are sold on perceived customer value and purchasing decisions in the context of life insurance. Definite themes emerged from the data as outlined below.

Perceptions of Mistrust for Existing Life Insurance Providers:

Most participants displayed a feeling of mistrust toward existing life insurance providers on

Created by Sarah Janks

2017/11/05 23:11

Private & Confidential

Page 72 of 187

the market. There seemed to be a common impression that life insurance providers are greedy and have a tendency to take advantage of their customers.

Participant 3 seemed support this sentiment by stating: “They are not really insuring your life, they are actually just counting you as a number in terms of what premiums they are going to collect and the statistics will run themselves and at the end of the day they will pay out some and they won’t pay out others”

There was a repeated theme of a lack of transparency and a lack of care displayed by life insurance providers towards the needs of their customers.

Participant 9: “I think that they are a little bit sneaky and that they try to make a big buck off little people. Look from friend’s experience, and family, if you are selling a product to someone the person needs to understand it, and I find a lot people actually don’t really understand the fine print.”

Participant 12: “it would be nice if your life insurer actually took a little more interest in their client base and didn’t just take the commission and bolt.”

Life insurance is sometimes sold by third parties such as brokers, and not by the life insurance companies themselves. A number of the participants mentioned that the channels through which the life insurance products are sold and maintained, and the experiences on those channels, have had an impact on perceived value for the life insurance provider.

Participant 2: “I am not judging the company per se; it is the actual agent who sold us these products. I mean he sold it to my parents and I think he sold it to my parents based on the fact that he wanted to earn the most commission.”

Perception that Life Insurance Providers are Impersonal and Uncaring:

Most participants seemed to have a very impersonal relationship with their life insurance provider, even though the products in themselves were very personal, and most participants seemed to crave a more personal relationship with their life insurance providers. There also seemed to be a clear lack of communication between the insurer and their customers which seemed to have an impact on perceived value. Some participants blamed the insurer

themselves for this lack of communication and care, and others blamed the channels through which the products were sold and maintained, such as insurance brokers.

Participant 1: “Maybe insurers provide products to too many customers so that they can’t have that personal touch and they have to use brokers. I feel that I am not talking to the company; I am talking to a middle man. If there was a more personal relationship, even if there was some online system, but that it was from the company itself to me, then I would feel a bit closer to the insurer.”

Participant 6: “You don’t hear from these companies after you have signed. Until you stop paying them, for whatever reason, you don’t get a peep out of them. But I feel as if people’s lives change; I mean I am not the person that I was two years ago or six years ago, or whatever it is. They could maybe give a damn about you between when you sign and when you die.”

Participant 8: “Apparently he represents most brokers. That is what they do. They get you to buy products and then they just disappear.”

Perception of Life Insurance Providers as Manipulative:

There seemed to be a shared sentiment that life insurance providers were not genuine and instead used manipulative marketing tactics to make sales. There were repeated suggestions that marketing of life insurance products tended to manipulate the emotions of the participants rather than to sell the benefits of the products.

Participant 2: “Using children...to get people to take life insurance is manipulative. But these are the adverts and I mean at the end of the day it’s a business and they need to make profits.”

Participant 3: “There is too much small print. It is an exceptionally complicated policy in my opinion in that it is often miss-marketed and oversold because of the commissions that are out there for financial advisors. If there was more education around life insurance, I think their money could be better spent on the right things rather than overselling the emotional

part of life insurance.”

Participant 4: “Initially you think these guys just want to take your money. These guys, these cronies, you know, they sell you the fear of death and they play on your insecurities.”

The impacts on value were interesting in this context as on the one hand there was a feeling that this type of marketing was effective and persuasive in selling the products, but seemed to intensify the feeling of mistrust towards the life insurance providers and put strain on the longer terms relationship with the provider. It could be argued that because the relationship with the life insurance provider is intended to be a long one, building longer term perceived value is important in this context. Traditional life insurance providers seemed, from the responses, to focus on shorter term sales rather than longer term perceived value and trust.

Perception of Life Insurance Providers as Undifferentiated

There seemed to be a general feeling amongst participants that traditional life insurance providers were outdated and provided little differentiation.

Participant 4: “I think they all sell the same thing it is just how they package it.

Participant 6: “If you look at policies across a lot of service providers you will find a lot of homogeneity.”

Participant 2 spoke to the homogeneity of the product offerings by different life insurance providers but seemed to imply that this did not have a big impact on perceived value, and that the actual need for the product, and differentiation with regards to service quality, were what was important: “I think it is more about does the product suit me and am I getting decent service. And if those two boxes are ticked then it doesn’t matter if it is blue, green, red and orange, whatever the company is. It is the same with the banks, I mean there are 4 major banks in the country, it is an oligopoly so you just change your colour and it is pretty much the same thing.”

Participant 11 implied that traditional life insurance providers were outdated, and that

innovation by newer players would impact perceived value: “I think they are still behind compared to what other guys are doing. They are old fashioned. There are other new competitors now who are coming with new innovative ideas to bring a lot of clients to their side. I think established providers are just doing life insurance and that is it.”

Feelings by Participant 11 seemed to imply a high likelihood for disruption, a topic that will be explored in more detail later in this chapter.

Value of Life Insurance Providers as Influenced by Experience:

The phenomenological elements of perceived value were evident in many responses by participants who indicated that perceived value for certain life insurance providers was influenced by the interactions with these providers. Participant 4 demonstrated how this could have a positive impact on value and purchasing decisions.

Participant 4: “Actually what sold me on my current life insurance provider was that when I came into the country that provider was the only institution that would actually give me a credit card when I started working. So even when I started working I approached all the other banks but they would not give me a credit card because I was a foreigner and I didn’t have credit history. But then my provider took a chance on me and they gave me a credit card. When they opened that door for me then I also gave them the benefit of the doubt when they started pitching other products to me because it sort of made sense.”

Participant 4’s experience with the provider on other products, and not life insurance products, influenced his decision to take up life insurance at a later stage; this was a repeated theme amongst participants and seemed to support literature on perceived value which advocates that perceived value is impacted through every interaction with the provider (value in use).

Participants 5 and 8 demonstrated how phenomenological elements could also have a negative impact on value and purchasing decisions both during the pre-purchase, purchase and post-purchase phases.

Participant 5: “we ended up getting a person representing the life insurance provider to our house, we hated the process, it was terrible, and so we decided not to go down the road with that company.”

Participant 8: “So I have recently changed providers, mainly because my broker was useless. He never touched based with me so I didn’t know what was happening.”

Value of Life Insurance Providers as Influenced by Word of Mouth:

There was a repeated theme amongst most respondents that ‘by word of mouth’ was a powerful influence on perceived value and purchasing decisions when selecting a life insurance provider. It could be argued that this had a phenomenological influence, but indirectly and as experienced by other people. Since life insurance is a product where the benefits of the product are only experienced after death, it could be argued that relying on other people’s experiences regarding services quality and reliability, especially at claims stage, becomes important; the responses from participants seemed to support this notion as indicated below.

Participant 3 spoke to the influences of other people’s experiences when deciding on a life insurance provider: “I think part of it will go through word of mouth in terms of colleagues, peers, friends and people like that who might be covered by whoever it is, and part of it would be going through their set of documentation and understanding what it is and how they present their proposals.”

Participant 5 supported these sentiments, but looked beyond personal relationships and used social media to influence purchasing decisions: “Research is what we have done, just to see what other people have said on their process. I know during the time when we did our research we looked at hello peter and just looked at what people had said around the process; did they have issues getting their money out, how long did it take, and is it something that took months or did it take days etc.”

Participants 6, 8 and 11 all supported these views by indicating how other people’s experiences, shared by word of mouth, have and would have an impact on perceived value

and purchasing decisions when selecting a life insurance provider.

Participant 6: “so typically for me if I have been prompted by word of mouth and by advertising that so and so does something good, or so and so is doing something differently, then I become interested in them.”

Participant 8: “I would probably ask my friends who they are with and why.”

Participant 11: “Well I know they pay-out. So I have heard from many people that they don’t give you problems when you claim.”

5.2.2 Research Question 1: What do customers perceive as value when purchasing life insurance in the South African context?

The intention of this section is to answer the first research question posed in order to understand, from the perspective of participants, what customers perceive as valuable when purchasing life insurance in South Africa. During the interviews, participants were asked questions around what was most valuable to them in the context of life insurance. Their responses were then coded deductively as per value elements defined in Holbrook’s Typology of Consumer Value (1994) as illustrated in Figure 5, and as per the coding approach defined in Table 8 under Value Codes (Pre-Coding). These core value elements, as illustrated in Figure 5, were Altruistic Value, Economic Value, Hedonic Value, and Social Value. The importance of each of these value elements was then tested in the context of life insurance in South Africa with new themes being collected inductively to expand on the theory in this context, as per the coding approach defined in Table 8 under Value Codes (Pre-Analysis). Results from the coding exercise were then analysed and codes were grouped logically as per the coding approach defined in Table 8 under Value Codes (Post Analysis).

Table 8 Showing the coding approach and outcomes regarding value codes

Code Book Version	Number of Core Code Groups	Number of Code Families	Number of Codes	Approach
Value Codes (Pre-Coding)	4	8	18	Deductive
Value Codes (Pre-Analysis)	5	12	77	Both Deductive and Inductive
Value Codes (Post-Analysis)	4	10	40	Both Deductive and Inductive

As illustrated in Table 8 the final value code book contained four code groups, ten code families, and 40 codes; details as outlined in Table 9 below. Table 9 details all value code groups and code families which emerged post-analysis, and whether each code was mentioned by each of the participants (indicated by a '1'), or not mentioned (indicated by a '0'). The 'Totals' column indicates in how many of the interviews that particular theme emerged, where a '12' value indicates the mention of that particular theme in all of the twelve interviews. It was decided that the exact number of mentions would be ignored to reduce bias in the case that one participant spoke more than the others on a topic which may have skewed results. Instead, the 'importance' of topic in the interviews was recorded and is illustrated in the far right column in Table 9 below; green indicates that the topic was mentioned a great number of times by most participants within their interviews, red indicates that the topic was mentioned fewer times overall and seemed to carry a lower weight of importance amongst all respondents, and yellow indicates that the topic seemed to carry relative importance amongst participants.

Table 9 Illustrating final code groups and code families

	Participant Number	1	2	3	4	5	6	7	8	9	10	11	12	Totals	
Core Code Group	Code Family														Importance
Social Value		1	1	1	1	0	1	1	1	1	1	1	1	11	
Active	Status	0	1	0	0	0	1	1	1	1	1	1	1	8	
Reactive	Esteem	1	1	1	1	0	1	1	0	1	1	1	1	10	
Altruistic Value		1	1	1	1	1	1	1	1	1	1	1	1	12	
Active	Ethics	1	1	1	1	1	1	1	1	1	1	1	1	12	
Reactive	Spirituality	1	0	0	0	0	0	0	0	0	0	1	0	2	
Economic Value		1	1	1	1	1	1	1	1	1	1	1	1	12	
Active	Efficiency	1	1	1	1	1	1	1	1	1	1	1	1	12	
Reactive	Excellence	1	1	1	1	1	1	1	1	1	1	1	1	12	
Hedonic Value		1	1	1	1	1	1	1	1	1	1	1	1	12	
Active	Play	1	0	0	1	1	1	1	1	0	1	1	1	9	
Reactive	Aesthetics	1	1	1	1	1	1	1	1	1	1	1	1	12	
Active - New	Phenomenological*	1	1	1	1	1	1	1	1	1	1	1	1	12	
Reactive - New	Psychological*	1	1	1	1	1	1	1	1	1	1	1	1	12	

The next four sections have elaborated on Table 9 by providing detailed findings from the interviews on relevance in each of the four value categories, and in the context of the life insurance industry in South Africa; the intention being to answer research question 1.

5.2.2.1 Social Value in Life Insurance

Table 10 details all code families and codes which emerged post-analysis and grouped under the social value dimension. As depicted in Table 10, all social value dimensions identified as part of Holbrook's Typology of Consumer Value emerged deductively from the interviews, and no new social value dimensions were identified inductively. Table 10 also indicates whether each code was mentioned by each of the participants (indicated by a '1'), or not mentioned (indicated by a '0'). The 'Totals' column indicates in how many of the interviews that particular theme emerged, where a '12' value indicates the mention of that particular theme in all of the twelve interviews. It was decided that the exact number of mentions would be ignored to reduce bias in the case that one participant spoke more than the others on a topic which may have skewed results. The rows highlighted in green indicate that most participants spoke on that particular topic, red indicates that only a few of the participants spoke on that topic, and yellow indicates somewhere in between the two. The same methodology was repeated for Altruistic Value (Table 11), Economic Value (Table 12), and Hedonic Value (Table 13), and the methodology will be assumed and not repeated for the other table's below.

Table 10 Illustrating code families and codes for the Social Value dimension

Participants	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Social Value	1	1	1	1	0	1	1	1	1	1	1	1	10
Status	0	1	0	0	0	1	1	1	1	1	1	1	7
<i>Success</i>	0	1	0	0	0	0	1	1	0	0	1	1	4
<i>Impression Management</i>	0	0	0	0	0	1	1	0	1	0	0	0	3
Esteem	1	1	1	1	0	1	1	0	1	1	1	1	9
<i>Reputation</i>	0	0	0	0	0	1	1	0	0	0	0	0	2
<i>Materialism/Possessions</i>	1	1	1	1	0	1	1	0	1	1	1	1	9

It emerged from the interviews that ‘Status’ and ‘Esteem’ were closely related, and most references to the social value dimension applied to both. For this reason, both status and esteem were addressed together in the quotes by participants as provided below; themes that emerged are highlighted below.

Social Value Theme 1: Value of Life Insurance as Influenced by Group Think

There was a repeated theme of purchasing decisions for life insurance being influenced by group think; this would have an influence on the value dimensions of ‘Impression Management’ (Status) and ‘Reputation’ (Esteem) as indicated in Table 10.

Participant 6 illustrated this theme by talking on his reasons for taking out life insurance initially: “I feel like I am part of the crowd, I feel like I am doing ok and all the other stuff and the fine print it will sort itself out. I don’t know what their fees were or any of that.” He continued this theme by stating: “I was sitting there thinking everyone is doing it. It seems to me that the group think is saying that it is a good idea to do it and that I should do it.”

Participant 9 repeated this sentiment: “Another factor could be that everyone has told you that you need life insurance, so you just get life insurance. I think that people don’t really know what they are covered for, and I speak for myself as well.” This suggested that that the value for the product could be primarily as a result of ‘Group Think’ as the participant did not seem to see value in the product itself.

Participant 6 spoke of his experience when moving from Zimbabwe to South Africa, and how

the social pressure to purchase life insurance was different in the two different cultural contexts. This is a theme that could be studied more as part of future research studies on perceived customer value:

“So I was married very young. I was 24 years old when I was married. Also, we were living at the time in Zimbabwe. And what is interesting to me is that people die everywhere, right, and there is very different culture across certain countries and different types of countries, where in Zimbabwe there was no prevalent life insurance... And I think that the market in Zimbabwe didn’t support life insurance to a large degree, so there wasn’t much advertising around it and whatever it is. When I then moved, naturally then I became more accustomed to more advertising.” And he continued by saying, “So when I was married because I was in an environment where life insurance wasn’t spoken about, it wasn’t advertised, it was not publicised, I didn’t feel like I was out of the group, I didn’t feel like I was missing out on something; I didn’t feel like I was being somehow financially irresponsible or planning irresponsibly.”

The experience of participant 6 seemed to emphasise the significant impact of social value in the context of life insurance as his perceived value for life insurance changed significantly when he moved from South Africa to Zimbabwe; the product and economic factors of the product would have been similar in both countries, yet value seemed to be influenced significantly and primarily as a result of social perceptions in the different cultural contexts.

Social Value Theme 2: The Influence of Loyalty Programs on Social Value

Several insurers in the South African market have introduced loyalty programs to which access is only granted by having an insurance product, including life insurance. The Discovery Vitality wellness rewards program is an example of this where customers move up different levels by completing different tasks. Moving up levels could have an impact on ‘Social Value’ in terms of ‘Success’ as illustrated by Participant 8: “you get discounts because you are on diamond; to be honest I don’t actually know exactly what they are, but he said because you are on diamond instead of paying this you are going to pay this.”

Since access to the loyalty programs is as a result of having the insurance product, the associated value could be transferred to the life insurance product as ‘value in use’ and

could result in a decision to continue with a life insurance provider for that reason. This transference of value because of loyalty programs could be tested as a future research project.

Social Value Theme 3: Life Insurance as a Rite of Passage

Several the participants saw life insurance as a rite of passage and took out life insurance when they started working purely because of this social value element; this would imply that life insurance provides an indication of 'Status'. A few of the participants took out life insurance even when they did not have dependents, and did not understand the value of it at the time, and it was likely because of this social value dimension as indicated below.

Participant 2: "Back when I was at varsity and we got these products it really didn't mean much to me. I knew that we had life insurance products but it was there kind of a thing. We have now, as we have entered the workforce and as we've started being able to afford it, we have now decided to take those products over."

Participant 7: "I think I got it for the first time when I started working. I wasn't married. I think I started off by Investing first and linked to that was life insurance and I never really worried about life insurance because I had no dependents."

Participant 8: "I had just started working. He was a good sales man. I didn't really understand it to be honest with you. And I was like ok sounds like something I need."

Social Value Theme 4: Life Insurance Providing Access to Material Possessions and an Improved Lifestyle

Another social theme emerged of life insurance as not having inherent value, but rather being valuable as it provides access to something else of value. This would likely be an element of 'Esteem Value' as experienced through the value dimension of 'Materialism and Possessions'. This Social Value dimension had the most references during the interviews, as illustrated in Table 10, with nine of the twelve participants making mention of this value dimension:

Participant 1: “Basically the cover that I have taken is to cover the debt that I currently have. So I have a property let out so it will settle that debt and it will settle the debt of our current property as well.”

Participant 2: “in order to get the kind of facility that I needed to buy a house I had to put this up as collateral so that is one good thing that I guess came out of it.”

Participant 3: “It started off as being something I had to just have to get access to finance for property purposes if I can call it that.”

There was also a repeated theme which emerged through some of the participant’s responses of the value of life insurance being influenced by its ability to provide the family of the participant with the ability to continue at a certain, and often affluent, standard of living once the participant passes. This value dimension would likely influence the amount of life cover which the participant would purchase:

Participant 10: “I did a back of a cigarette box calculation and to say would we be able to put them through private schools and tertiary education and how much would somebody need to care for them.”

Participant 11: “So for me when I look at life insurance I am looking at covering myself, insuring what I have, to make sure that when I pass on, my kids are taken care of, they still go to school, they still have a better future as if I am there but I not really there, and whatever that I am leaving behind that none of the things that I have will be taken because now I can’t pay them off” and “I want a company that would be able to take my kids to a very good school when I have passed on.”

5.2.2.2 *Altruistic Value in Life Insurance*

Table 11 details all code families and codes which emerged post-analysis and grouped under the altruistic value dimension. As depicted in Table 11, there were many mentions of

the 'Ethics' altruistic value dimensions as identified as part of Holbrook's Typology of Consumer Value, but only two mentions under the 'Spirituality' value dimension. This seems to imply that the ethics value dimensions are more important than the spirituality value dimensions in the context of life insurance in South Africa.

Table 11 Illustrating code families and codes for the Altruistic Value dimension

Participants	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Altruistic Value	1	1	1	1	1	1	1	1	1	1	1	1	12
Ethics	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Justice</i>	1	0	0	1	0	1	1	1	1	1	1	1	9
<i>Morality</i>	1	0	0	0	0	1	0	0	0	0	0	0	2
<i>Virtue</i>	1	1	1	1	0	1	0	1	1	1	1	1	10
<i>Value Alignment*</i>	0	1	1	0	0	1	0	0	1	0	0	0	4
<i>Responsibility*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Greater Purpose*</i>	0	0	0	0	0	1	1	1	1	1	1	1	7
Spirituality	1	0	0	0	0	0	0	0	0	0	1	0	2
<i>Ecstasy</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Faith</i>	1	0	0	0	0	0	0	0	0	0	1	0	2
<i>Magic</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Rapture</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Sacredness</i>	0	0	0	0	0	0	0	0	0	0	0	0	0

As depicted in Table 11, three new value dimensions emerged inductively under the 'Ethics' value dimension, namely 'value alignment', responsibility and 'greater purpose', details of which are described below. Of all the altruistic value dimensions, 'virtue' and 'responsibility' seemed to hold the most weight amongst participants. The most important altruistic themes which emerged are highlighted and discussed below.

Ethics Theme 1: Virtue

Virtue is defined as "behavior showing high moral values" (English Oxford Dictionary, 2017). Many of the responses by the participants (ten of the twelve participants) seemed to indicate that insurers who embodied virtuous tendencies would have a higher level of perceived value amongst customers.

Participant 2 indicated that insurers often use manipulative marketing tactics and seemed to imply that this would reduce perceived value in terms of the 'Virtue' dimension:

"So for me, I have always felt that if you provide upfront the ethical way of doing things that speaks more than 'hi honey I'll see you later tonight and hi, I love you my little girl', and then car crash, bang! Yes it speaks to you as a parent, I am not a parent so I don't know how parents would feel about that, but for me, looking at it from somebody who is not a parent, I find it manipulative." And he continued by saying, "you are providing a service so you must be ethical about it, and I think that in the long run it goes further than just a quick sale."

Participant 6 also indicated how virtuous tendencies, including honesty and the intention to do good, would likely increase perceived customer value for that insurer:

"Sometimes I think if companies were just super honest you know, hey Mr customer we are a group of people and we are trying to shake things up and we want you to try and help us do that, what's in it for you is this and this and this; we are passionate about health and this and this; we do want to make money maybe this is how much we make, maybe this is what we do with our money; this is the stuff that gets us going, and if some of what we do gets you going as well then come along and join us for this and be part of our group project. You know, something that is speaking to me sort of on a one to one level. Just a really cool group that I can be part of, and something that actually does good."

Ethics Theme 2: Value Alignment

'Value Alignment' was a new altruistic theme that emerged from the data, as evident in the responses from participants illustrated below. Values can be defined as "one's judgement of what is important in life." A number of the participants spoke about value alignment being one of the key determinants of value with a particular insurance provider, and they would choose and stay with a life insurer provider who embodied the principles with which they relate. Participants implied that they would chose a provider based on their overall vision and value over and above the products that they were selling, and that this could be a differentiator amongst life insurance providers:

Participant 2: "If it spoke to me with their offering, I would definitely consider it."

Participant 6: “So I like companies, again who are not only innovative, but I also quite like companies that are forward looking and forward thinking that try to do things for the planet, for society and for all of that stuff, so in a way I would feel that some of my contribution is going into their CSR or to them helping the planet or whatever.” And he continued to say, “I am one who is into a brand that is really trying to have a partnership, trying to speak to me and get me on board, and get me on to a bigger goal that they are trying to achieve through the vehicle of my Premiums.”

Ethics Theme 3: Greater Purpose

Responses from participants also indicated a higher support for life insurance firms whom had a vision which helped to achieve some sort of greater purpose over other firms who did not, and that this had a high influence in purchasing decisions. This is different to value alignment which talks specifically to principles and causes to which the customer can relate and which the firm advocates or portrays.

Influence from the greater purpose value dimension could result in selecting a disruptive player, over an established player, due to the perception that they would help to drive innovation in the industry, as described by Participant 6: “So as long as I am getting a reasonable product at a good price from a disruptor, if my couple of rands can help that disrupter bring these lazy guys down and actually energizers them to then innovate, then I benefit because then maybe those big player innovate and those innovations spin off until it is much more competitive, and all of us benefit because it is much better products out there. So I am really interested in innovative companies and I always try to help them by giving them my business.”

Participant 9 spoke to the greater good of supporting smaller businesses when selecting a life insurance provider, and illustrated how this altruistic dimension would have an impact on perceived value and purchasing decisions: “I think I would just because that is also my responsibility, because I would think that the way forward in our country is for smaller businesses to flourish. If I spoke to you and thought ok this doll knows her stuff and you said that you were backed by someone and you know you came in at the same price, not

cheaper, than what I was getting from other quotes, then yes I would go with you.”

Ethics Theme 4: Responsibility

‘Responsibility’ was a new altruistic value dimension that emerged inductively from the responses, and was mentioned by all participants as shown in Table 11. ‘Responsibility’ was used to describe the inherent value of life insurance for the purpose of protecting and supporting one’s family after death. This is a clearly altruistic dimension as it illustrates a “disinterested and selfless concern for the well-being of others.” (English Oxford Dictionary, 2017). This value dimension is inherent of the life insurance product itself and could be a reason why the value of life insurance changes with life stage and children, as detailed and supported below:

Participant 3: “They have an emotional pull that should something happen to me I don’t want to be a burden on my kids, and likewise if I can’t provide for them I need to at least make sure that there is some financial backing there or at least have done the best that I can.”

Participant 11: “It is important, especially if you are married and especially if you have kids. It is important that your family is well taken care of when you are not around. It is important to have life insurance because it is not for me.”

From an insurance company perspective, companies that are perceived to be more able and willing to follow through on protecting one’s family in this circumstance could possess higher levels of this value dimension, and this could influence perceived value and purchasing decisions.

Spirituality Theme 1: Faith

The spiritual value dimensions did not emerge significantly during the interviews, and only one of the participants indicated that religious beliefs would have a big impact on perceived value in the context of life insurance:

Participant 1: “My philosophy when it comes to that is that I believe in ‘as you sew so shall

you reap'. And I believe in Karma. So for every action there is a reaction. So I feel that If I were to have a dreaded disease or if I were to pass away early in life, earlier than mean expectation, that is part of what the plan is, and this is why I am not pro-insurance because insurance is us as human beings trying to pen down this control that we want to have, yet there are so many things that are out of our control. So my philosophy is that let what happens in life happen and be moderate about what you try and control, so that is why I have a relative dislike for insurance.”

Participant 1: “If my wife is supposed to have a husband pass away when she is young with two young kids maybe that is her mission in life and her plan. So if she is supposed to go through some obstacles then she gains some sort of experience out of that. Something like insurance would hinder that as it would inhibit her ability to have gone through an experience. Be it like climbing a mountain. If you are supposed to climb a mountain and get that experience of having reached the top, the summit, if you take an alternative easier way, like insurance, than you are just sort of saying that I am taking the cable car to reach the top. There is no effort involved and you don’t get the rewards as well.”

Even though this sentiment was not repeated by other participants, the significance and impact for this participant was high. Participant 1 still had life insurance cover, but the amount was kept to a minimum, purely to cover major debts such as a home loan, because of his spiritual beliefs. Future studies could explore the impact of spirituality on perceived value in the life insurance industry quantitatively and with scale.

5.2.2.3 Economic Value in Life Insurance

Table 12 details all code families and codes which emerged post-analysis and grouped under the ‘Economic’ value dimension. As depicted in Table 12, both Efficiency and Excellence value dimensions, as identified as part of Holbrook’s Typology of Consumer Value, were mentioned in all interviews. Also, as evident in Table 9, Economic value was one of the two most important and prominent value dimensions which emerged from the data. As discussed in Chapter 2, economic value described the utilitarian aspects of value or value as an evaluation of the benefits and costs of a product or service (Sánchez-

fernández et al., 2009). This is clearly evident in the response by Participant 1 when talking on value in the context of life insurance: “I am really looking at how much is this going to cost and how much is this going to cover me for, and is there any fine print that these guys are trying to escape me out on.”

Table 12 Illustrating code families and codes for the Economic Value dimension

Participants	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Economic Value	1	1	1	1	1	1	1	1	1	1	1	1	12
Efficiency	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Input/Output</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Convenience</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>What they get out*</i>	0	0	0	0	0	1	0	1	1	1	1	1	6
<i>Affordability*</i>	0	1	1	1	1	1	1	0	1	1	1	0	9
Excellence	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Quality</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Alternatives*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12

As depicted in Table 12, two new value dimensions emerged inductively under the ‘Efficiency’ value dimension, namely ‘What they get out’ and ‘Affordability’, and one new value dimension emerged under the ‘Excellence’ dimension, namely ‘Alternatives’. Of all the altruistic value dimensions, the original ‘Efficiency’ dimensions from ‘Holbrook’s Typology of Consumer Value’, namely ‘Input/Output’ and ‘Convenience’ seemed to have the biggest impact on value amongst participants. The most important ‘Economic’ value themes which emerged are highlighted and discussed below.

Efficiency Theme 1: Input/Output

The input versus output evaluation of value as benefits versus costs was highly evident in all the responses, showing support for ‘Holbrook’s Typology of Consumer Value’ as an appropriate method for evaluating and describing perceived value in general and in the life insurance industry in South Africa:

Participant 3: “So purely one is the benefits in terms of what I was getting, and the complete cover I was getting versus the premium I was paying”

Participant 4 spoke of price as one of the most important dimensions of value within the life insurance industry given the lack of product differentiation in the industry: “If two companies are offering me something, I will go for the cheaper one. If they are offering me the same cover, it’s the same cover, it doesn’t really matter who it is.”

Participant 9 contrasted this view slightly by admitting the importance of economic value and price, but emphasising the importance of trust for the insurance provider as a key determinant of value over and above price in the context of life insurance: “I would look for someone that I know and trust and then I would compare prices, and then I would kind of see. Ok, I know that I said in this interview that I would go for the cheapest, but maybe I would pay a couple of rand more somewhere else if I was getting something better; I can’t think off the top of my head what that would be.”

Several participants, including Participant 10, mentioned the difficulty in evaluating economic value in life insurance due to the complexity of the product being a credence good. Participants also indicated, in general, that they were not sure how much life insurance they required, which emphasised the difficulty of evaluating value in this context. This complexity was increased further due to the perceived benefits of the products changing with life stage as indicated above, but the price remaining constant or adjusting by different criteria. This would imply that economic value is not always constant over the life of the service which is especially relevant in the life insurance context where the relationship is by design a long one.

This dynamic nature of economic nature with regards to life insurance was illustrated by Participant 3: “So as things move I am happy that my life insurance requirements will diminish. We will do that on a calculated manner versus an emotional manner.”

Participant 11 also spoke to the dynamic nature of economic value as evaluated over the life of the policy: “The one that I am on now, there isn’t much that they are doing except increasing the premium every year. I don’t see anything changing on the package that I have.”

This is exceptionally important in life insurance, as shown in the response by participant 11, where premiums are often increased due to risk increasing with age, but without the output or benefits improving. This could be seen as a reduction in economic value over the life of the policy.

Economic value is often seen as 'value in exchange', but the dynamic nature in life insurance means that it will be relevant throughout the life of the policy as a determinant of 'value in use.' The dynamic nature of economic value in the life insurance industry could be studied further as future research.

There were mentions by many of the participants of life insurance as a means to 'play one's risk', which seems to imply the importance of economic value where the reduction in risk would be one of the benefits weighed up against the cost for that level of cover. All participants seemed to want to play their risk but there were vastly different perspectives on how much risk to cover through life insurance. Participant 1, for example, saw playing risk as taking the minimum cover required to cover his debts, whereas for Participant 10 playing risk meant getting extensive cover that would allow her children to still go to the best schools and experience a high standard of living.

There was also mention of opportunity cost when evaluating value economically. Due to the lack of the tangibility of life insurance and because benefits are not immediate, opportunity cost seemed to have a high impact on the evaluation of economic value:

Participant 7: "Sometimes I think people know about it but they don't really want to do anything about it because it is easier to take the money and go and spend it on something else rather than actually making provision for something."

Efficiency Theme 2: Input/Output Value as Influenced by Loyalty and Cash Back

All participants interviewed made mention of loyalty programmes and cash back schemes when evaluating value in the context of life insurance. Insurers in the South African market seem to have started using these schemes to improve the immediate perceived value and relevance of life insurance products. Since the life insurance relationship is a long one, it

seems from the responses that 'value in use' for life insurance can be improved by allowing for shorter term gratification through loyalty programs and cash back benefits. The impact of loyalty programs and cash back seemed to be evaluated economically and under the 'input/output' value dimension, as depicted through the responses by participants below:

Participant 1: "I think cash back is a brilliant scheme that insurers are providing now. That gives people like me who don't like insurance some sort of incentive to say you will get some cash back in five years if you don't die."

Participant 2 spoke to cash back benefits as improving value in exchange as well as value in use for life insurance products. His response implied that this is the only thing of value that the customer will experience from the life insurance provider: "but the only reason I went with my insurer is because they have got a product where the more units you buy of this particular product, the more you get a benefit that is not taxed at 65. So you are getting a benefit out of insurance and that is the thing for me; usually there is no benefit out of life insurance other than the fact that if you die your family may get this money."

Participant 3 contrasted this view by suggesting that loyalty programs may improve 'value in use' but not 'value in exchange' for him, and that he would not switch life insurance providers for a loyalty program: "The only reason why I would look at a loyalty programme is if it gave me the same cover, same benefits, with the same amount of trust, yes absolutely, but I am certainly not moving across to a particular company just because of a loyalty programme. Otherwise I would rather just go and buy a loyalty programme rather than buying life insurance."

Participant 4 illustrated some of the participant's views of loyalty or cash back being a necessity that all life insurers must offer to customers, and that it would be unfair of them not to do so mainly due to the extreme length of the relationship: "I think loyalty definitely is big, and I think that should be a stock standard part of any sort of insurance package because you tie me down for my whole life so you better come with something proper. You better come with something that really makes me want it. You can't just tie me down for the next forty years paying R400 or R500 a month and then not give me anything, so you gotta

give me something.”

Participant 12 offered a different perspective to loyalty programmes as only being of value based on the relevance of the benefits for the customer, and implied that a loyalty programmes could in fact reduce economic value if the benefits were not relevant and if the insurance premiums were more expensive as a result: “but I would want the option to maybe say look I have no interest in the loyalty programme and would rather have a reduced basic. It is about giving me options as a client. Probably one of the most key things I want is to maybe pick and choose what I want and not necessarily bundle it all, if there is a bundled option for a very similar premium then I can choose. Ok cool this is what I want.”

Efficiency Theme 3: Convenience

All participants mentioned the influence of convenience when evaluating perceived value in the context of life insurance, and in general this value dimension was rated highly important. Participants suggested that ‘convenience’ is largely influenced by the channels for take up and maintenance of their life insurance policies. All participants had different preferences of channel for take up and maintenance of life insurance, but convenience was a shared value dimension amongst all participants.

Participant 1 spoke to digital technology as a way of improving value within the life insurance industry through convenience: “with the advent of digital technology and online banking, if it is minimum clicks away as I go onto my online banking, that’s the best. I just click on a tab that says insurance and I go there and I can see what products and I can enter a few fields and it can spit out a number at me...I feel that that would be fantastic and don’t see why we can’t have something as simple as that.”

Participant 5: spoke to the value of her own experience when taking up life insurance as impacted by the convenience of the experience as facilitated through digital channels: “given that the process was so easy and efficient I would recommend it to other people now, because it was so nice. And it was also easy to test things. So we played around, so we got the policy for my husband, but we played around with stuff for myself just to see what does this do to my premiums, and we put in the diabetes thing and changed it the next time,

and said ok if I didn't have that in my family what does this mean etc. just for fun and it made it really easy to do that kind of research for us.”

Participant 3 did not like the use of digital technology for take up and maintenance of his life insurance policies due to the complexity of the products, but spoke to the value of convenience through the use of a financial advisor: “Again the value of a proper financial advisor ... is that that person has the time in a day to understand those products and hopefully understand you too, and understand and find the right product for what you are looking for, whereas for me to try and do that in a day when I am battling for time as it is would be a lot more difficult.”

Efficiency Theme 4: Affordability/Budget

Many of the participants shared the view that even though life insurance may be inherently valuable, purchase and post-purchase decisions to take up the product, how much cover to take, to reduce cover, or to lapse the product, were heavily impacted by affordability of the individual customer, on budgets and on having ‘disposable income’ available. Since the population group only included participants who could afford life insurance products, results could have been skewed when evaluating this value factor in particular. Future research could explore this further, and could investigate the impact of affordability in the context of financial services in general.

Participant 1 even described life insurance as a ‘nice to have’ and described how the decision of cover amount was dependent on disposable income more than need: “She is quite capable and well educated. She can work and she can look after herself so we are playing our risk and because we have chosen to have children and for her to stop working, so we are stretching ourselves on my salary, so to have some nice to have of extra insurance is not within our ambit at the moment.”

Participant 2, in contrast, did not have dependents but chose to take out life insurance purely because he could afford it when he started working, supporting the assertion of economic value as influenced by affordability: “We have now, as we have entered the workforce and as we’ve started being able to afford it, we have now decided to take those products over.”

Efficiency Theme 5: What they Get Out

One of the themes that emerged strongly in the interviews was economic value as evaluated not only based on input and output for the customer, but also based on what the customer gives or pays versus what the insurer gets out, or benefits to the insurer versus benefits to the customer. This talks to fairness and to whether the participant felt as if they were being taken advantage of by the insurer. There was a general feeling amongst participants that traditional life insurance providers take a lot from their customers and give little in return; this seemed to have a definite impact on value in this context, and would influence purchasing decisions.

Participant 6 displayed this sentiment: “Actually, I am a little bit bitter toward the financial services industry. I mean it’s like Kartell behaviour. Right! Why? Because surely we haven’t just figured out now that the model where you just pay and get nothing until you die is a bad model for the consumer. Surely financial services providers have known that for many, many years but they were laughing all the way to the bank.” And continued by saying: “When I came to understand how much money they can make from turning it over so many times all these years only for you to be paid out at a very vastly reduced amount, I became bitter towards them.”

In life insurance, it seems that this influence on value is strong due to the intangibility of the product and that tangible benefits are often never experienced by the customer themselves; loyalty and cash back benefits could thus influence value in this regard. Transparency by the insurer of how much they actually make from the products could also influence value in this regard.

Excellence Theme 1: Quality

The economic value dimension of ‘Excellence’ emerged extensively in the interviews although ‘Efficiency’ still seemed to have a bigger impact on value in the context of life insurance in South Africa. This value dimension seemed to be influenced primarily by ongoing service quality by the insurance or broker, access to information and advice considering the complexity of the products, and the ability to simplify the complexity of the

products through packaging and communication. Service quality however was generally impacted through interactions with the insurance provider; the challenge in insurance is that these interactions are generally scarce due to the nature and structure of the products. Participant 8 spoke to the value of their life insurer being strongly influenced by the service quality through interactions on their other insurance products where engagements were more frequent; this was the case for participant 8 since she had all her insurance products with the same provider, and moved her life insurance to this provider due to positive interactions on other insurance products.

Participant 8: “So for me that was a big thing and that is probably where I was like this is probably a good company to go with and let me move everything with them. Because every time that I do claim or enquire about something they are very, very good. Their turnaround time is really good.”

Participant 12 reiterated the importance of both price and benefits (‘Efficiency’) but also service quality (‘Excellence’) in the life insurance industry: “So I think I would definitely consider what the offering is about and the price point and the benefits that I get and if it suits my needs, and how flexible their service is is a key piece.”

There was also reference to the fact that simplicity and access to information could increase value for the life insurance products and providers due to the complexity of the products; many of the participants implied that it was difficult to truly see value in something that you don’t understand as the benefits or ‘output’ are largely unknown.

Participant 3: “My insurer sends me a renewed life policy every year. It is hundred and twenty five pages long and I am never ever going to read it and I am never going to understand it.”

Participant 11 emphasises this point by indicating that access to information would influence perceived value given the complexity of the life insurance products: “I still prefer the normal way to have someone to really explain so you can understand what they are offering so I can buy in when they present this thing to me.”

This implied that value may be impacted by channel where having an advisor explain the

products up front may be more valuable than being able to take up the products digitally; there was mixed views on this in the interviews where some participants preferred take-up insurance through an advisor where they could ask questions and where service quality was primary, and others preferred take-up through digital channels where convenience had a bigger impact on perceived value.

There was a general perception that the level of communication in the life insurance industry was generally poor with little proactivity on the part of the insurers. There was a repeated sentiment that life insurance needs change dramatically overtime and with life stage, and that an insurer could increase value by being more proactive in updating a customer's life insurance products to match their needs.

Participant 7 asserted the importance of communication as it impacts 'value in use': "I don't think you necessarily need to have a personal relationship with them but I think they need to stay close and communicate at the right times ... so yes, it is important to be up to date and understand what is going on there. If there is something that is wrong, they need to tell you about it."

Excellence Theme 2: Alternatives/Competition

Many of the responses indicated a new theme of perceived value being influenced by what competitors are offering, as well as product substitutes. This new theme was allocated under 'Excellence' as the comparative quality of competitor products seemed to influence the perceived quality of other life insurance products.

Responses focused a lot on this topic in the context of cash back and loyalty benefits where these types of benefits now seemed to be an expectation since other competitors now offer these benefits; before competitors started offering the benefits, the life insurance products on their own were valuable, but now to many participant's life insurance providers who did not offer these benefits were seen as offering lower quality products. this indicates a clear impact of competition on perceived product quality and on perceived customer value in this context.

In the life insurance industry, some participants saw investments as a possible alternative

to life insurance. This had an impact on the value of life insurance where the perceived value of these products would reduce as investments increase, again illustrating the dynamic nature of economic value in this context. Participant 3 illustrated this by saying: “It absolutely is valuable and important to me but I do look forward to the day when I don’t need life insurance.”

5.2.2.4 Hedonic Value in Life Insurance

Table 13 details all code families and codes which emerged post-analysis and grouped under the ‘Hedonic’ value dimension. As depicted, both Play and Aesthetics value dimensions, as identified as part of Holbrook’s Typology of Consumer Value, were mentioned in many of the interviews. It was however found that these dimensions were not sufficient to describe all emotional value drivers that emerged from the interviews. Hedonic value can be defined as “relating to, characterized by, or considered in terms of pleasant (or unpleasant) sensations”(English Oxford Dictionary, 2017). Holbrook (1994) also describes hedonic value elements as intrinsically experienced (Sánchez-fernández et al., 2009). These definitions seem to imply that the hedonic value dimension could be influenced by any emotion, and could be broader than emotions derived from ‘Play’ and ‘Aesthetics’. Thus, two new value dimensions were introduced to describe some of the emotional value drivers which emerged from the interviews, and which could not be characterised by ‘Play’ or ‘Aesthetics’. These two new value dimensions were ‘Phenomenological’ and ‘Psychological’ as illustrated in Table 13 and described in more detail below; these two elements value had the biggest impact on value for the participants in the study, and bigger than the hedonic value dimensions identified in Holbrooks Typology of Consumer Value.

Table 13 Illustrating code families and codes for the Hedonic Value dimension

Participants	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Hedonic Value	1	1	1	1	1	1	1	1	1	1	1	1	12
Play	1	0	0	1	1	1	1	1	0	1	1	1	9
<i>Fun</i>	1	0	0	1	1	1	1	1	0	1	1	1	9
Aesthetics	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Beauty</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Marketing*</i>	1	1	1	1	0	1	1	0	1	1	1	0	9
<i>Tangibility*</i>	0	0	1	1	0	1	1	1	1	1	1	1	9

<i>Innovation*</i>	0	1	0	1	1	1	1	1	0	0	1	1	8
Phenomenological*	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Experience*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Familiarity*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Intuition*</i>	0	0	0	0	1	0	0	0	0	0	0	0	1
<i>Length of Time*</i>	0	0	0	0	0	1	0	0	1	1	1	1	5
<i>Customised/Choice*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
Psychological*	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Peace of Mind*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Fear*</i>	0	1	1	1	1	1	1	1	1	1	1	1	11

The interviews showed hedonic value dimensions overall to have one of the highest influences on perceived value in the life insurance industry in South Africa, if not the highest. All participants indicated that emotional or hedonic drivers had a significant impact on perceived value with regards to life insurance. This is illustrated by Participant 3 who described life insurance as an emotional purchase: “the propensity for me to spend on my life insurance has changed purely as an emotional purchase, wanting to ensure that should something happen to me, my wife and kids are taken care of.”

The most important ‘Economic’ value themes which emerged are highlighted and discussed below.

Play Theme 1: Fun

The hedonic value dimension of ‘Play’ and ‘Fun’ had a medium perceived importance on value as illustrated in Table 9, and nine of the twelve participants made some mention to this value dimension.

Firstly, this value dimension was referenced in terms of feelings associated through product take up and maintenance on different channels, especially using digital channels, as highlighted by Participant 5:

“So it allowed us to play around with, and I remember specifically playing around with the truth of I have diabetes in my family, and then not, so if I didn’t what does this mean for me and there was definitely a clear lowering of the premium that came out of not having diabetes in my family. It just allowed us to see what the impact of that on my life is going to be for life

insurance via this provider.”

The experience illustrated how the ability to play around with different variables to understand and test the resulting product and premium digitally, would result in different perceptions of value than if the customer was to take the same product up through a call center. This illustrated the relevance of ‘play’ and ‘fun’ on value in the life insurance industry in South Africa, and could explain why there is different levels of perceived value associated with different sales and support channels.

The second element of ‘fun’ and ‘play’ in the life insurance context was in regards to loyalty programs. As discussed above, there seemed to be economic value associated with loyalty programs in the context of insurance. Participants also indicated that there may be a hedonic component as well associated with gamification elements of loyalty programs. There was reference made to the Discovery Vitality loyalty program which allowed the customer to move up levels based on different goals and behaviors. This competitive element seemed to appeal to several of the participants who referred to their status and level, and could be associated with the hedonic value dimensions of ‘play’ and ‘fun’. It could be argued that participation in these programs could increase positive engagement with the life insurance provider, and improve overall value associated with the provider as a result.

Aesthetics Theme 1: Beauty, Marketing, Tangibility and Innovation

The next hedonic theme explored, as suggested by Holbrook in his Typology of Consumer Value, was ‘Aesthetics’. Holbrook had suggested only a single value dimension within this category, namely ‘beauty’. There were however no mentions of ‘beauty’ impacting the value of life insurance or insurance providers in any of the interviews performed. The conclusion being that beauty, although relevant when understanding value in general, does not seem to have relevance in the context of life insurance; this assertion would need to be testing quantitatively with scale to confirm this finding.

There were however other hedonic themes which emerged from the interviews that could be best described aesthetically but which did not relate to beauty. These new themes were marketing (which described how the product was packaged and put forward by the insurer

to the customer), the tangibility (which described value associated with a physical product and with immediate gratification), and innovation (which described admiration associated with a company's ability to be forward thinking and innovative, and the hedonic value associated with this). These elements seemed to create intrinsic value through feelings associated with each of these elements and thus were considered hedonic influences.

Many of the participants mentioned the impact of marketing on value, and the emotions associated with the marketing performed by life insurance providers. Some participants implied that the marketing was manipulative, as discussed above, and could in fact reduce value with the insurer as it reduced feelings of trust with that insurance provider. Other participants suggested that the marketing used was effective and persuasive by using people's 'fear of death' to sell life insurance:

Participant 6: "persuasive, yes, but is quite a lot of doom saying. So if you do think about it a little bit more, as I believe I do, you do understand that they are manipulating human frailty and mortality and making you think about what you are going to do next once you die. Which are fair questions, but life insurance is not the only way and is not the only vehicle that you can look after your dependents and loved ones once you die. You could also question if you should be looking after them even into death at all."

Participant 1 also spoke to the value of marketing as it improves feelings of confidence in the provider to fulfill on the promise to pay a claim at some point in the future: "if they are promoting that, well they have to stick to their word when advertising because of the advertising standards authority. If they advertise it then they have got to deliver it. So If they were to do that then I would feel ok they are actually following through."

This opinion illustrates how hedonic value for life insurance can be improved through marketing.

Life insurance is by nature highly intangible considering that the customer of the product would never actually experience the economic value of the product as this value would only be released after his/her death. This lack of tangibility seems to be exacerbated by the lack of communication by the life insurers to their existing customers, and by the sheer length of the relationship involved. Participants illustrated how this lack of tangibility could negatively

impact perceived value, and how feelings associated with tangibility could be improved both through increased communication through the life of the policy, and through benefits (such as cash back) which are received by the customer during the life of the policy. Tangibility was thus included as a hedonic value dimension under 'Aesthetics'.

Participant 6 illustrated this view of value impacted by tangibility:

"I would definitely think about it being a partnership in the here and now, and for me to get rewards now and not just at some distant point in the future. So with modern medicine I could actually live until I am 95 or 100 or whatever it is. That is like another sixty plus years from now. I would want to see the fruits at regularly junctures all along the way. For example, if I don't pay my premium on a monthly basis after a couple of months my policy would be terminated, right? So I would want to see companies have the same urgency to actually give me rewards and give me benefits in the short and medium term; the horizon is just too far out for me to say ok let me just drop money and then I won't think about it until I die."

Participant 11 supported this assertion: "Things like you get to enjoy before you pass on. I think those are great ideas. If I am seeing the benefits before I pass on, I am very excited."

There was also a repeated theme of participants wanting to support innovative companies mainly because there was a feeling firstly that these companies are customer centric and would have the customer's best interests at heart, and secondly that innovation would help to make the life insurance industry more competitive and would benefit customers as the end of the day. These feelings, and impact on value, were exacerbated by the general feelings of mistrust toward traditional life insurance in South Africa, as discussed above.

Participant 6 illustrated this sentiment: "So I am really interested in innovative companies and I always try to help them by giving them my business."

New Hedonic Themes: Phenomenological Value and Psychological Value

Many of the respondents spoke on feelings and emotions associated with certain experiences in the context of life insurance, and the impact on perceived value as a result; these were obviously hedonic but some could not be described by the hedonic values of

'Play' and 'Aesthetics' as presented in Holbrooks Typology of Consumer Value (Sánchez-fernández et al., 2009). Two new value dimension were thus introduced to describe increased or decreased value resulting from the emotional responses associated with life insurance which could not be described by 'play' or 'aesthetics'; these were 'Phenomenological' and 'Psychological' value dimensions. Both of these value dimensions were categorised hedonically as they were both 'intrinsic' (an emotional response) and 'self-oriented', as per the definition of the 'hedonic' value dimension as advocated by Holbrook in his Typology of Consumer Value (Sánchez-fernández et al., 2009).

Holbrook introduced value dimensions as classified as either 'active' (experience results in value) or 'reactive' (a more cognitive and passive process) as per his Typology of Consumer Value, as described in Chapter 2 above (Sánchez-fernández et al., 2009).

The 'Phenomenological' value dimension was introduced to incorporate 'active' and 'hedonic' value dimensions that emerged from the data, and that could not be described by the 'Play' value dimension. This included the themes of 'Experience', 'Familiarity', 'Choice', 'Intuition' and 'Length of Time', which all emerged from the data as having a notable influence on perceived customer value in the context of life insurance. 'Experience', 'Familiarity' and 'Choice' were mentioned in all interviews and seemed to have a significant impact on perceived value; these will be discussed in more detail below. 'Intuition' was only mentioned by one participant as the 'gut feel' associated with purchasing decisions of life insurance. 'Length of Time' was mentioned by five of the twelve participants, and was relevant in the context of life insurance given the long relationship between the customer and company. This was relevant in respect of 'value in use' as the expectation on the life insurance provider seemed to increase with time, and not meeting these expectations seemed to result in lower perceived value.

For example, several the participants, including participant 6, referred to the relationship that they wanted from their life insurance provider as a 'partnership' or 'marriage': "Because it is almost like a long-term commitment, like a marriage let's say". This illustrated the high expectation which may not be evident with other products or services where the relationship with the company is a shorter one.

The 'Psychological' value dimension was introduced to include 'reactive' and 'hedonic' values dimensions that emerged from the data, and that could not be described by the 'Aesthetics' value dimension. This included themes, very relevant to life insurance, including 'Peace of Mind' and 'Fear', both which seem to illicit an emotional and internal response which had a resulting impact on the value of life insurance. Both of these value dimensions will be discussed in more detail below.

Phenomenological Theme 1: Experience

The first critical element which was identified as influencing value phenomenologically was 'Experience'. This value dimension emerged in the interview as an emotional response from previous experiences which could influence future value of life insurance in general, and value of specific life insurance providers, and which could influence 'purchase' and 'post-purchase' decisions in the life insurance context.

Firstly, it emerged from the interviews that the 'Experience' value dimension would be impacted through every interaction with the provider and product; this would include sales and servicing interactions, and would be impacted by the channel through which the customer experiences these interactions. The interviews seemed to support the literature in suggesting that this value dimension would have a long-term impact.

Participant 5 illustrated the impact of the 'Experience' value dimension through interactions with the insurer, and the impact on purchasing decisions for life insurance: "It just felt like an easy answer to go through them, but then that process seemed very different to the other processes that we have had with them, and with the Medical Aid processes. So it just felt very tedious, It felt manual, and laborious, and there was a lot to do, and it was a lot of go and do these tests and find the time to do this, and we both don't have the time to do all of that. So we needed a process that could actually accommodate us getting access to a life insurance policy as quickly as possible." And as a result she went with a different provider saying: "given that the process was so easy and efficient I would recommend it to other people now, because it was so nice."

Participant 12 indicated that the 'Experience' value dimension could impact post-purchase decisions by making a customer stay with a particular provider due to the process of switching being tedious: "I think the reason why I haven't changed is because of the, schlepp; It is just a mission and it's a grudge purchase so why do I want to put that on myself. However if somebody sent me something very compelling, I definitely would."

A number of the participants spoke about this 'Experience' value dimension being influenced by their individual context and experience. For example, Participant 4's experience of being denied a card by all banks except one influenced the value for that provider when he was making a decision on life insurance company. Participant 2, had a similar experience where his brother got rejected from a number of insurance providers, except one, due to a pre-existing condition that was now under control; this had a marked impact on the long term perceived value of that provider.

Participant 2: "With my brother there was, because of a brain hemorrhage that he had, it was a long and drawn out procedure, it was red tape and bureaucracy basically; someone who doesn't know the case is just saying ok I see this and then they expelled him from the policy, and that is what made him switch."

As discussed above, it emerged from the data that the value of life insurance was largely influenced by context and life stage. For example, when participants had children the value of life insurance in their lives seemed to increase considerably, as indicated by Participant 8:

"Before it was always this thing, this debit order that comes off - whatever I am protected. Now it's like you actually want to make sure that you are getting the full benefit of it. I think it is something that is important to me now that I am older and that I have got responsibilities and dependents."

It could be argued that this influence that context and life stage has on value is as a result of the 'Experience' value dimension, and that the value of life insurance can be influenced by experiences outside of realm of the life insurance product and provider. So the experience of having children is unrelated to life insurance, but would have a marked impact on the

value of the product.

Participant 12 mimics this sentiment, but in a different context, by illustrating how the value of life insurance increased for her as a result of the experience of losing her brother:

“I guess for me the only time I really considered life insurance was probably three key points in my life. The first was when my brother passed away. He was quite young and at that point he did not have any disability or life cover in place. Thank goodness he was still living at home and very much supported by my parents, but that gave me my first wake up call to have that first-hand experience.”

Phenomenological Theme 2: Familiarity

The next element which was identified as influencing value phenomenologically was ‘Familiarity’, being the comfort of the known and conversely ‘the fear of the unknown’. This value dimension emerged in the interview as a positive emotional response resulting from familiarity of a known insurer or brand, and increased over time as a longer-term relationship or partnership was established. This value dimension was seen as highly important in the context of life insurance, and emerged significantly in interviews as a result of the relationship being a long one, and as a result of the product on offer being seen as a personal and emotional decision given its purpose to protect one’s family after death.

Three factors emerged from the interviews as having a marked impact on the value dimension of ‘Familiarity’. The first factor being value increasing because of the personal relationship and awareness of the brand (How well I know you); this could also be impacted by awareness through word of mouth and social media. The second factor being the increase in value because of increased communication by the provider, which would likely impact the value dimension of ‘familiarity’ (How often you communicate with me). And the third factor emerging under ‘Familiarity’ being the impact on perceived value resulting from perceived personal knowledge that the insurer or advisor would have for the customer (How well you know me); this emerged as highly important in the context of life insurance as it seemed to result in the perceived ability of the provider to more closely meet the needs to the customer.

The importance of familiarity from a brand perspective came out strongly in the interviews where many respondents indicated that they would prefer to go with a provider that they knew and trusted:

Participant 9: “I would much rather feel comfortable going to a brand that lot of people trust, or that I trust rather, and that that brand can’t afford for its reputation to go down. Whereas I think the smaller little shop that opened that has no credibility, if he goes down that is it.”

Several participants indicated that familiarity with the brand could be influenced by the channel selected for take-up and maintenance of the life insurance product. Participant 3 indicated the value of familiarity by using a financial advisor:

“So again I would like to believe that that kind of financial advisor has been exposed to far more products and offerings then what I personally am and I despise dealing with call centers. I would rather that person can earn the commission and do that sort of thing and If I want to phone the guy at 10.00pm at night I have got his cell phone number, I phone him at 10 o clock at night and he answers it and I can pick up a conversation today that we had yesterday whereas if I were to phone a call centre and deal with a different person every day all it does is make my reality of claiming from a life insurer more and more real.”

Participant 8 added to this by indicating that familiarity was especially significant with regards to life insurance due to the perceived importance of the product; she also implied that the credence nature of life insurance would also increase the need and value of familiarity:

“I wouldn’t because I think it needs to be personal. It is quite a big decision and generally you don’t really understand what it is. Because I have so many questions I want to see someone.”

Participant 10 put forward a contrasting view on channels where she would actually prefer a digital channel experience where the face-to-face personal element was less important; this could be as a result of the ‘Trust’ value dimension which is discussed in more detail below:

“I would almost trust it more, because there is no kind of human element, that now I am going to up this or up that. There is almost an algorithm that is calculated. I think digitally I would definitely look at it.”

In terms of contact and care as it influences value through familiarity, most participants indicated that this is an important value element, but that traditional life insurers generally perform poorly in this regard. Many participants gave examples on how the lack of contact by their provider or advisor reduced value considerably, and some, including Participant 8, even switched to a different provider as a result. This indicates the importance of familiarity, and the impact of value in the context of life insurance, as indicated by Participant 1.

Participant 1: “I find that the insurer hardly contacts you, but it is a two way relationship because consumers also don’t want to be inundated with frequent contact. But if the provider says something like, ‘look is it ok if I contact you every quarter or every six months or every year’, or whatever you deem is necessary for you to stay informed, so that you are happy with your product”.

Participant 12 emphasised this view and the importance of contact and familiarity on perceived value: “I think they still don’t seem to care about their clients. So I guess it all depends on your relationship with your broker, whether you have a really good broker who looks after you and cares versus you are just one of the mass which is taking up life insurance as part of the mass product direct with the institution.”

Lastly, there was a common view amongst participants that life insurers should spend more time trying to understand their customers, and the importance of this; this seemed to speak to value in terms of familiarity. There was a strong feeling that life insurance is dependent on needs at a point in time, and that needs for an individual change significantly over time, as experienced personally by all the participants. To get assurance that the life insurance products met their changing needs, all participants felt that insurance providers should provide products that are both more personalised and dynamic. They also felt that insurers could be more active in understanding their customer base, and contact the customer proactively to change their cover as their needs change. There was a general feeling that this level of personalisation could increase value significantly, and that this was currently missing in the life insurance industry in South Africa. These sentiments are portrayed in responses by participant 4 and participant 10 and further indicates the importance of

familiarity as it relates to perceived value in the context of life insurance.

Participant 4: “The closer they are with where I am at in my life, the more they can tailor make their products to actually suit me, or the more they can adjust it to suit me. I think that is something they don’t do. I mean you get a guy calling you once every year but its more around premium increase or trying to sell you more stuff, but they are not trying to understand more about where you are in your life.”

Participant 10: “but they can ask the question, has anything changed in your life? What is going on? do you need more or less insurance? Do you want to maybe insure a parent? Is there something else you want to change? I think it is about being more engaged with me as a customer. So not just saying I sold you a policy 10 years ago and here is your policy.”

Phenomenological Theme 3: Customisation or Choice

Another phenomenological theme that emerged inductively from the data was that of ‘Customisation or Choice’, Which was used to describe the hedonic value dimension as a result of personalisation of life insurance products to more closely align to the needs of customers which are constantly changing.

Participant 1 indicates the negative impact on perceived value by not offering customisation and choice in life insurance:

“So I feel that by using a stock standard input and output system, which I am guessing that’s what it is, you as a consumer don’t get the best product.”

Participant 4 supported this view of customisation having a high impact on hedonic value by stating: “I think for me it should be something that takes into consideration my life style completely...like constantly monitoring what I am doing, you know where I am at in life ... and always updating my product offering based on that ... Maybe now in my job I travel more to Africa, yes and now you need a different kind of policy, so I think that probably my perfect insurance would be something that is much more closer to me and then understands me and actually makes tailor made products to my lifestyle as opposed to getting me a generic product.”

Participant 5 suggested that digital channels could assist in enabling customisation as per changing needs, which she also asserted was essential to perceived value in the context of life insurance:

“I also want the process to be really easy to change what the life insurance is because my life has changed quite a lot and I assume it will change a lot going forward, and I want to be able to update and change as easily as possible. If that could be done on an app or online that would be amazing.”

Psychological Theme 1: Peace of mind

The first ‘Psychological’ value theme that emerged was identified as ‘Peace of Mind’ and seemed to indicate an emotional response which resulted from the feeling of being protected. This dimension was evident in all the interviews and seemed to be a highly important value dimension in the context of life insurance. A Number of the participants, used the words ‘peace of mind’ directly in their interviews when explaining the value of life insurance, including Participant 3 who stated that life insurance: “does give me a form of peace of mind that should something happen to me, being the breadwinner of our family, that they will still be ok.”

It seemed from the responses that ‘peace of mind’ is actually what the customer is purchasing during a life insurance transaction, as this is often the only benefit that the customer themselves will ever experience from the life insurance product; this is because the nature of the product is that the monetary value is only paid out after the death of the customer. A number of participants supported this notion of peace of mind being an inherent part of life insurance, and part of the transactional value of the product:

Participant 1: “if it were just a small amount to give me some surety that if something were to happen, that is taken care of, then for me it has its place.”

Participant 5: “So I think life insurance initially in my career wasn’t really something important that I thought about, but when I got married it become a little bit more important for me to think, ok what is going to happen in my life if I die or if my husband dies ... It became the

most important part of our lives when our daughter was born last year. And just making sure there was enough to take care of her given that you don't know if it is going to be say myself or my husband passing away, or both of us together."

Participant 9: "That is what I understand about life insurance, that if you die someone will pay the stuff that you were paying for so that your partner or your family doesn't suffer." And "if you have a kid, not everyone is going to step in and they probably don't have the financial means to help if you don't have that kind of cover."

Other participants suggested that the level of value through 'peace of mind' could be influenced by actions of the insurance provider themselves. One of the ways that emerged of how life insurance providers could increase this value dimension was through advice on how much cover is required. This would allow for increased peace of mind in that their families are not only covered, but covered sufficiently. The credence nature of the product as complex and difficult to understand seemed to increase the impact of this value dimension in the eyes of the participants:

Participant 10: "I think it is around that calculation, so I think the first thing you kind of ask yourself is how much, and I don't think that there is enough to guide you in how much specifically, around calculators and around questions that most people ask."

This suggests that providing these types of tools may increase 'peace of mind' and as such improve perceived customer value for the insurance provider who offers these tools and advice.

Many of the participants spoke of the lack of transparency and complexity of the products and how this would reduce 'peace of mind' for participants:

Participant 3: "So personally, there is too much small print."

This implies that reducing complexity of the products may in fact improve peace of mind and perceived value for the product and provider.

There was also emphasis on the notion of 'peace of mind' as influenced by trust for the provider. There seemed to be an inherent mistrust for insurance providers which seemed to

result in lower value through reduced 'peace of mind', as evident in the responses by participants, such as Participant 6:

"I don't know that after my death there would not be complications around how did I die, was it not in the exclusion list, was it self-harming behavior, was I doing cliff diving, was that in the fine print. So, I wouldn't know such things until I knew other people who died and were also with that company."

This again talks to the ability that life insurance providers have in improving perceived customer value through 'peace of mind' by improving transparency of the products, and also describes the impact of 'word of mouth' on 'peace of mind' and perceived value in the life insurance context.

Psychological Theme 2: Fear

The second psychological value dimension identified as having a large impact on perceived customer value in the life insurance industry in South Africa was 'Fear.' Many of the responses suggested that 'Fear' was in fact the driving force behind decisions to purchase and increase life insurance cover. 'Fear' seemed to be important in the context of life insurance as it relates to 'Fear of Death'. As described above, and in many of the responses, perceived value of life insurance in this regard seemed to increase with age and with an increased awareness of one's mortality.

This strong hedonic value dimension of fear was illustrated by Participant 7: "It happens like that, snap. And I think that that is why Outsurance's advertising, where they have different scenarios around the family; It is a terrible advert, but it is so effective because you realise that you could go to work today and not come back. And if you don't come back and you haven't provided for your family, they are the ones left behind, then they are not going to be able to afford those school tours, school clothes, so you are going to put them in a bad situation."

This also suggests that life insurers in South Africa tend to take advantage of this 'Fear' dimension in marketing and sales to sell their products. This was a repeated theme amongst participants, and some viewed this as highly manipulative on the part of the insurer, such as Participant 2:

“So there is a recent OUTsurance advert my Dad and were watching on TV one night where a Father was talking to his daughter and he wishes her goodnight, and then all you see is a truck hooting and you pretty much come up in your own mind that this truck demolished him and this is why you need life insurance kind of thing. That is the thing for me, that was a bit manipulative, and it is not showing you why you should have life insurance for a good reason but they are almost trying to trick you into it.”

There was also the suggestion through responses that the value of the ‘Fear’ dimension is influenced through context where personal experiences, such as a close relative passing away, may in fact increase the value of life insurance products because of this ‘Fear’:

Participant 9: “You almost never think it will happen to you until it happens to someone close to you, then you kind of start worrying. I have seen that with my parents as well, they are about fifty now and my dad’s good mate had a heart attack, so he went to check his insurance docs to make sure. You pay for it, but maybe it is because he did it twenty years ago, so he hasn’t looked at it again, and then he said oh my word, it happened to my friend, it could happen to me. So, I think until it happens you don’t actually grasp how important it is.”

5.2.2.5 Trust Influences on Perceived Value

Another value dimension that emerged from the interviews, and not addressed as part of Holbrook’s Typology of Consumer Value, was ‘Trust’. As discussed above, it was thought that trust may have a big impact on perceived customer value in life insurance given that the product is essentially an agreement for a large sum of money to be paid out after the customer’s death, and in exchange for premiums in the present. This assertion was tested qualitatively through interviews to understand participant’s thoughts on trust as it impacts value in the context of life insurance. The dimension of trust was first explored in detail to understand the different elements that constituted trust in this context; Analysis was then performed to understand how trust may fit into Holbrook’s Typology of Consumer Value through an adaption of the model in the context of life insurance.

Participant 12 illustrated the importance of trust in the context of life insurance: “So for me trust is key, so if I am going to choose a brand I want to know that they will be around. I want to know that I can absolutely trust they are not going to put stuff in the fine print and hide charges and fees and clauses that I don’t understand, and it must be in plain language for the layman that we can all read and understand.”

This illustrates the importance of trust in a credence service relationship, such as life insurance, where the product is inherently complex and difficult to understand. The importance of trust as it impacts value in credence services could be explored further in future research.

Table 14 details all themes that emerged inductively under the ‘Trust’ dimension as grouped post-analysis into code families and codes. Trust seemed to have a marked impact on perceived value in the context of life insurance in South Africa, and trust elements were mentioned extensively by all participants interviewed.

Table 14 Illustrating Code Families and Codes Identified for the Trust Value dimension

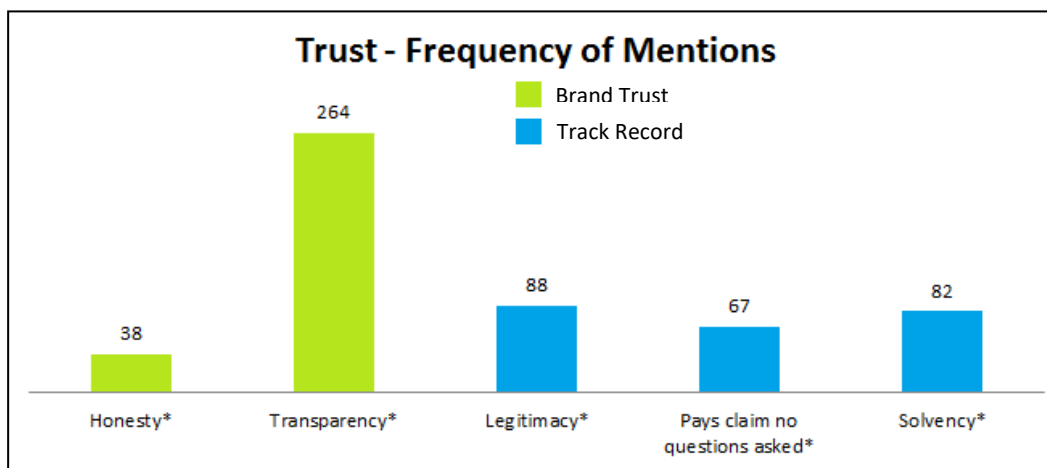
Participants	1	2	3	4	5	6	7	8	9	10	11	12	Totals
Trust Value*	1	1	1	1	1	1	1	1	1	1	1	1	12
Brand Trust* (Active)	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Honesty*</i>	1	1	1	1	1	1	1	1	1	1	0	1	11
<i>Transparency*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
Track Record* (Reactive)	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Legitimacy*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Pays claim no questions asked*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12
<i>Solvency*</i>	1	1	1	1	1	1	1	1	1	1	1	1	12

Table 14 illustrates two significant sub-themes under Trust which emerged, namely ‘Brand Trust’ and ‘Track Record’. In accordance with the definitions in Holbrook’s Typology of Consumer Value (Sanchez-Fernandez & Iniesta-Bonillo, 2007), ‘Brand Trust’ was used to describe the active components of trust, as experienced personally by the customer through interactions during the life of the customer and policy. ‘Track Record’ was used to describe more reactive components, as perceived by the user, to describe the perceived ability of the provider to deliver on the promise of life insurance, as contracted, at some point in the future;

these elements are perceived as the customer would never actually experience these elements as they will occur only on the promise of delivery of the life insurance, and after the customer's death. 'Track Record' could have other applications and definitions in other industrial contexts, but this definition was derived as it applies to life insurance.

'Brand Trust' incorporated two new themes which arose inductively, namely 'Honesty' and 'Transparency'. 'Track Record' incorporated three new themes namely 'Legitimacy', 'Pays claims no questions asked', and 'Solvency'. These themes are discussed in more detail below. Figure 16 shows the frequency of mentions for each of these 'Trust' themes as they appeared in the interviews conducted.

Figure 16 Illustrating frequency of mentions for topics relating to Trust



As depicted in Figure 16, 'Transparency', as it relates to perceived value, seemed to receive the most mentions in the interviews, but all other 'Trust' themes had a significant number of mentions. Combined, the 'Brand Trust' themes received 302 mentions in total over the twelve interviews, and 'Track Record' themes received 237 mentions, concluding that both dimensions had high relevance and a similar impact on perceived value in the context of life insurance in South Africa.

Trust Theme 1: Brand Trust

Participant 12 illustrated the importance of 'Brand Trust': "I think it will come down to how

much trust you have in that brand.”

Brand trust elements were identified in terms of what the brand says about themselves that would impact trust and by experiences of the participants themselves, both directly through interactions with the provider and indirectly through word of mouth. The initial sections of Chapter 5 depict some of the existing perceptions of the life insurance industry in South Africa as described by the participants. Firstly, there seemed to be a strong reliance of ‘word of mouth’ for references in the industry. Secondly there seemed to be a general mistrust towards current life insurance providers in the market who participants depicted as greedy and having a tendency of putting their interests above those of their customers. This seemed to be exasperated due to the credence properties of life insurance making it difficult to understand; there seemed to be a perception that because of this it would be easy for life insurance providers to take advantage of their customers, and many felt that they do. This was illustrated by Participant 1:

“I have a suspicion that they might do something knowing that a customer like myself forgets about something like that, and I have a suspicion that they might just bump it up a little higher thinking five bucks more than the norm, he wouldn’t even notice.”

‘**Honesty**’ was depicted as a key theme in terms of ‘Brand Trust’. As discussed above, the existing mistrust that seems to be evident in the life insurance industry currently seemed to have a negative impact on this. As discussed above, credence properties of the life insurance products would also have an impact of perceived value in the context of ‘Honesty’. Participant 4 and 7 illustrated ‘Honesty’ as it impacts perceived value in terms of Trust:

Participant 4: “I must trust that you have got my best interest at heart.”

Participant 7: “If you promise to do it and you do it then you will have my trust.”

Participant 1 indicated his feeling of traditional life insurance providers as being only fairly honest: “From the perspective of whether they are honest with me I am not so sure. I would give them a higher degree of honesty compared to other providers, probably on par with a number of the bigger insurers out there because I am sure they are all competitive with each other, but eh ya, relatively honest.”

Participant 3 also depicted a sense of mistrust for his current provider, but stated that he was forced to continue with this provider as there were no better alternative, showing that this mistrust was a common view for other insurance providers as well. He seemed to imply that increasing this brand trust and honesty could positively impact perceived value and purchasing decisions:

“I think it is blind trust from the perspective of insurance. I have no personal trust in my current provider if that makes sense, yet I have my whole blooming family’s life in their hands to a certain degree, but unfortunately I don’t really have many other options outside of that.”

‘**Transparency**’ was the second theme identified under brand trust, and as illustrated in Figure 16, one of the most significant amongst participants. Transparency was depicted as being a significant driver of perceived value, and there was a feeling that there was currently a general lack of transparency amongst insurance providers, and that this had a negative impact on perceived value.

Participant 1: “It is about having more transparency. I want to know that I am not getting tricked by an insurer because unfortunately that is how it works.”

Participant 6 seemed to mimic these sentiments and the importance of transparency in the context of value:

“One of the things about life insurance also is that it is so opaque, so if you work hard for your money as most people do, you do want to have some sort of inkling as to how much is the company making off you and that kind of thing, but it is so opaque you will never know. I guess if there was more transparency... that would make me look upon them quite a bit more charitably.”

Again, the need for transparency, and resulting value, seemed to be largely influenced by the credence properties of life insurance products, and the complexity of the products. There seemed to be a general fear of the ‘fine print’ in life insurance, and a feeling that this may result in insurers not paying out as a result of this; this again emphasised the importance of transparency, simplicity and communication by insurers to their customers, and the resulting

impact on perceived value. Participants 2, 8 and 12 indicated what transparency meant to them in the context of life insurance.

Participant 2: “So there is something as simple as that that if you apply that to the same thing as insurance and then you tailor a product in such a way that it allows people to see with a hundred percent disclosure what they are getting and what they are getting, I think that might go further than you getting an advisor who comes to you and says just sign on the dotted line and you will be covered.”

Participant 8: “I would understand what is happening at all times, and I would be warned before. I have heard of people saying that they didn’t do whatever, so therefore when they started claiming, their policy wasn’t working anymore. I would want a company that is transparent. So if something is wrong they would warn you. Not like leaving you to pay but when you are claiming they say oh but you didn’t do this. Transparency would be very important.”

Participant 12: “So for me trust is key...I want to know that I can absolutely trust they are not going to put stuff in the fine print and hide charges and fees and clauses that I don’t understand, and it must be in plain language for the layman that we can all read and understand.”

This illustrated the importance of transparency in the context of life insurance, the understanding of transparency in terms of brand trust, and the impact of this on perceived customer value. There seemed to be a shared feeling by participants that established life insurance providers on the market are poor at this, and this could be a reason for the mistrust in the industry currently. This could be a differentiator for new start-up insurance companies in the South African market.

Trust Theme 2: Track Record

Participant 5 illustrated the importance of ‘Track Record’ in terms of Trust and Perceived Value: “My concern around the trust is, you have the resources, and you will do it as quickly and efficiently as possible.”

This brand element was identified in terms of the ability and will of the provider to deliver on the promise of life insurance, as contractually agreed, as perceived by the customer. It is important to note that this element, and impact on value, is as a result of the perceived ability and not the actual ability of the provider. This is significant in the context of life insurance, as indicated by the participants, as the point of sale and pay out occur at vastly different points in time, and the perception is that the ability of a firm to pay out a claim can change over time, even if their intention at point of sale is to do so. It was found that track record was primarily influenced by perceived legitimacy of the insurer, perceived solvency of the insurer and the likelihood of solvency over the long term, and the perceived will and likelihood of the insurer to make good on their promise and pay the claim if they are solvent. All of these elements had a market impact on perceived value and purchasing decisions in the life insurance context as illustrated below and in Figure 16.

‘Legitimacy’ was used to describe perceived trust in the company, and value, as a result of its expertise, size and tenure. Since value in terms of ‘Track Record’ was largely because of perceptions as opposed to reality, larger more established brands seemed to have a bigger impact on trust amongst participants when selecting a life insurance provider. Most participants said that this trust element would dissuade them from taking up cover with a smaller start up life insurance provider due to the importance of this element on perceived value in the life insurance context.

The importance of legitimacy, and its impact on perceived value, was illustrated by Participant 1: “If I know it was a company that existed before I was born and exists while I am alive and probably will exist after I am gone, then I would place a lot of trust in them especially with a Life Insurance provider. So my trust would be how long have these guys been around and I would probably gage and base it on that. That if they are there that long they know what they are doing, they will pay out and they will continue to be there. I do not want a fly by night.”

Participant 12 supported this view of the impact of tenure on perceived trust and value: “So I think I would look for somebody who is quite long standing and has got a good reputation,

it is very much about who you trust and that they are not going to disappear with your money.”

Participant 7 talked about size as being an important determinant of trust in the context of life insurance: “You would like to know that if something happens to you, you know that money is going to be paid out and your family will get it. So I do think that there you have a better feeling with your bigger companies in that you know they will pay out.”

‘**Solvency**’ was used to describe perceived trust in the company as a result of the perceived ability of the company to pay out, and make good on their promise at some point in the future. Since this pay-out can be as far as forty years into the future, this element seemed to have a significant impact on perceived value. Again, this value element is again as a result of perception and not reality, and as a result most participants also mentioned that this trust element would deter them from taking up life insurance with a start-up provider given the likelihood and tendency of start-ups to fail. Participants considered life insurance too big a decision to take a chance with a smaller start-up company as a result; this seemed to have a bigger impact on participants who had children than those who did not. This concern, and impact on value and purchasing decision, was illustrated by Participants 3, 4 and 11.

Participant 3: “I don’t want to be paying somebody R5000.00 per month for life insurance and then they suddenly fall over and then I lose everything.”

Participant 4: “I think life insurance, I think the perception is, you want to go with someone reputable because you are afraid to say will this company go under. So if smaller firms start offering life insurance, how reliable are they? What market history, or what backing do they have to say that they can survive? Because the last thing you want is to be paying for insurance to a company and when you are sixty the company goes under and then what happens to your life insurance.”

Participant 11: “So you are putting your trust on this is to say that that they will be able to pay your beneficiaries when you have passed on. So it is really important that you are choosing a company who will be able to do this. Outsurance was saying that they have paid

around four million claims last year. Imagine if you have that much claims and you are still new right. So it is the same thing with the stock vels, if you have heard something like this. So if five people pass on in a group of twenty people, you are going to struggle if you don't have enough money.”

‘Pays Claims no questions asked’ was the third Trust theme identified under track record which seemed to have a significant impact on perceived value. Solvency was used to describe the perceived financial ability of the insurer to pay out at some point in the future, whereas ‘pays claims no questions asked’ was used to describe the perceived willingness of the insurer to pay in a situation where solvency does apply. There was a perception amongst participants that existing life insurers found excuses not to pay where they could avoid it, and this created angst and reduced value considerably.

Participant 6 spoke to the feeling of angst created through uncertainty on this value dimension, and reduction in perceived value as a result. He emphasised that this value element is difficult to assess because as a customer one would never be able to access the experience of a claim directly during their lifetime. As such participants seemed to use ‘word of mouth’ to assess value in terms of this dimension for a particular insurer.

Participant 6: “There is the implied trust from the brand...I would trust them, but seeing as I haven't gone through a pay-out situation, then I don't know if at the time, it is like short term insurance, when you crash your car and they pull up all the fine print, you know it was too dark and there was this, and you were in areas that you weren't supposed to have been in; I don't know if I can trust them to not pull out reasons for them not to pay out the full amount.”

Participant 1 emphasised the value gained through assurance of this value dimension in life insurance:

“it is something that I won't see but if a provider can give me some sort of assurance and some sort of empirical auditor evidence that they do pay out with no questions; no maybe not no questions asked but with ease of administration that if a claim were to be made it would happen quickly and relatively hassle free, that would be a good thing because I would want to know that if I die in a car crash and my wife and family are stressed out it mustn't be

a case where in addition to losing me she has to go through hassles with the insurance provider. So if they were to give that to me, the living me, some sort of peace of mind and a happy feeling, I don't know how to describe that, but just make me feel better about how they are going to handle it afterwards."

The Trust Dimension within Holbrook's Typology of Consumer Value

It was found that these two trust dimensions of 'Brand Trust' and 'Track Record' elicited an emotional response and could be described as hedonic in the context of perceived value. These two trust dimensions could also be described as 'Intrinsic' and 'Self-Oriented', the definitions of 'Hedonic' as described within 'Holbrook's Typology of Consumer Value' (Sánchez-fernández et al., 2009).

As described above, 'Brand Trust' was used to define value through experience with the insurance provider during the lifetime of the policy as it relates to trust; for example, the level of transparency as experienced and this impact on trust. This can thus be categorised under the new 'Phenomenological' Hedonic value dimension, as identified through this study; this seemed like the appropriate fit as 'Brand Trust' describes trust as experienced.

As described above, 'Track Record' was used to define value as the perceived likelihood of the insurer to deliver on the promise of life insurance at some point in the future. This seemed to be more reactive and as such was categorised under the new 'Psychological' Hedonic value dimension, as identified through this study; this seemed like the appropriate fit as 'Track record' describes trust as perceived.

5.2.3 Research Question 2: What influence is customer perceived value likely to have on disruption of the life insurance industry in South Africa?

Findings from the interviews which helped in answering Research Question 2, as stated above, are provided here-in. Participants were asked to comment on their views on disruption in the life insurance industry, whether they personally would take-up life insurance with a smaller start-up insurer, and reasons. The value dimensions which had the biggest

impact on disruption in the life insurance industry were assessed, and conclusions on the likelihood of disruption in this context were drawn and presented.

5.2.3.1 Value Influences on Disruption

Analysis of interviews showed that Economic, Altruistic and Hedonic value dimensions seemed to have the biggest impact on disruption in the context of life insurance, with Hedonic elements seemingly having the biggest impact. This meant that there was perceived differentiation regarding these value dimensions between established life insurers and newer smaller start-ups in this space. All of these value dimensions were then assessed in more detail below in terms of their influence on disruption within the life insurance space. It seemed that Social value dimensions would not have a large impact on disruption in this industry, as social value was linked to value of life insurance products themselves (e.g. access to material possessions) and was not as a result of differentiation between providers.

Disruption As influenced by Economic Value Dimensions

Participants spoke to price being a core consideration when taking up life insurance products, as discussed above. Economic factors seemed to have a major impact on value. There was also a general view that established insurance providers are greedy and taking unnecessary margins at the expense of their customers, as discussed above. From a disruption perspective, it was noted that newer start up insurance companies would not be restricted by legacy and may be able to provide a better more customer centric product (better output) at a lower and more fair cost (better input).

From an economic perspective, participants also suggested that newer start-up life insurance companies would rather introduce more benefits, such as cash back, which the customer would experience during the life of the policy; this would increase economic value for these providers as discussed above. The findings suggest that cash back and benefits pose an opportunity for disruption in the life insurance industry.

Another opportunity for disruption by smaller stat-up life insurance is through convenience as depicted by Participant 2, who suggested that large more established insurers lack convenience: “I know someone at an established life insurance company who is in the

technology department. It took them fourteen days to on-board a client. It takes you 10 minutes to open a bank account and now that is across the board, you don't need to walk into a branch. But fourteen days to open up a product and now you know why you are losing clients.”

Participant 2 also spoke to the opportunity that smaller disruptive players have through digital channels, which could increase economic value through reduced cost, improved output and through convenience: “That is where the market is going now; I mean, yes you still have the guys who are going to retail banks and going to the branches, yes you still do have those people, but businesses need to now adapt to the fact that your target market is becoming younger and younger and more digitally involved and if you want to be able to take part in that, call it that fourth industrial revolution, you need to be able to say what am I offering because it's below the lines between what your business is and what someone else's business is.”

Many participants indicated that disruptive life insurance providers could improve on the take-up process, convenience, and service quality, over existing players; these are all economic value factors. This was illustrated by Participant 5: “So quick access to a life insurance policy, easy changes, lots of information when I need it easily, probably without having to call a person. I would like that a lot. And then just letting the process be very easy for someone to access it if something happens.”

Participant 8 emphasised the point supported by many of the participants, that disruptive providers have the opportunity to improve on service quality through personalization which is currently lacking in the life insurance industry: “so something that is easy to read and easy to understand, and if it could be more like tailor made to you, and your lifestyle and your age. Unlike a blanket approach.”

Participant 12 illustrated how the overall improvement in economic value is possible through disruption: “I think that they are hungry, so often what we see coming in from the smaller guys that come in and disrupt, they really do put the client at the centre, and they build their propositions quite differently, they are not limited by their old legacy systems. So their entire

service model seems to be a lot more nimble and flexible, I think these smaller guys often knew that services is the key element and that is where it is lacking so they try incredibly hard on the service front.”

Findings seemed to suggest a high likelihood of disruption as a result of economic value dimensions.

Disruption As influenced by Altruistic Value Dimensions

From an altruistic value dimension, participants implied a general mistrust of the existing life insurance industry and the possibility of disruption in terms of value alignment and ethics. Participants seemed to be looking for more ethical life insurers who were honest and with whom they could relate. There seemed to be a general perception amongst participants that smaller disruptive players would be more ethical, less greedy, and put the interests of their customers first. There seemed to be a definite opportunity for disruption from an altruistic value dimension.

Participant 1 illustrated the perceived lack of ethics, and perceived greed, of existing life insurance providers: “I picture lots of money. I picture old people. I picture people who know they are well covered within their means and that I as one consumer are a small pin prick that they can cover without batting an eyelid. I feel that they are too far off me as a consumer towards their business, their margins and their profitability, and that their power is greater than me. They are just this big cloud and they don’t really care about me and my individual needs as a consumer.”

Participant 12 emphasised this current disillusionment and lack of satisfaction with the existing insurance providers, and the resulting opportunity for disruption from an altruistic value perspective: “the current guys that you have to take it out with are completely not proactive and don’t ever contact you and say that this is what you have got, this is the cover, and explain it properly. My perception of the life insurance industry is that they are a bunch of sharks. They take their commission and disappear and never actually care about whom the client is and what is best for the client.”

Participant 3 stated the importance of value alignment, and how this would make him switch providers, a view supported by several of the participants: “To be honest I think that the thing that would make me switch the most though is if I could find a company that I actually believed in”.

Participants 6 and 9 both spoke on smaller companies helping them achieve a greater purpose. Participant 9 spoke on smaller business being the way of improving the South African economy and would support them for this reason. Participant 6 reiterated a number of participant sentiments that smaller disruptors may help to make the bigger players more customer centric and competitive:

“I want to see some of my money through the vehicle of these disruptors change things and shake things up. I want my small contribution in its own small way to actively energize society, because once that small company energizes that industry then there are knock on effects all the way up and down, across and sideways.”

Participant 10 gave an alternative view that the altruistic dimension of responsibility may actually dissuade her from taking up life insurance with a smaller more disruptive player: “Probably not. Not when it’s your kids livelihood. Maybe if it was just me and it was something just as a top up or it wasn’t something where there was a real need behind it, then I would try, but not when it is my kids’ livelihood at stake.”

Findings showed some altruistic value dimensions to favor smaller start-up life insurance providers, and other altruistic value dimensions seemed instead to benefit the more established providers. The mistrust of the current industry, as evident in responses, however suggested that disruption from an altruistic value perspective was likely.

Disruption As Influenced by Hedonic Value Dimensions

From a hedonic perspective, the newly identified value dimensions, namely Phenomenological value and Psychological value, seemed to have the biggest influence on disruption in the industry. Phenomenological value elements (value as experienced) seemed to favour the smaller disruptive players, whereas psychological value elements (value as perceived) seemed more prominent in larger more established firms. There also seemed to

be a large perceived trust influence regarding disruption where Brand Trust (a phenomenological value dimension) seemed higher with the smaller firms and Track Record (a psychological value dimensions) greater with the larger firms.

Firstly, participants implied that there is an opportunity for smaller firms to disrupt from a phenomenological perspective by providing more customisation in an industry that tends to apply a blanket approach to life insurance. This is especially important as it was identified that customer needs for life insurance change dramatically through the life of the product, as illustrated by participant 12:

“I think they could go and completely tailor it as my life changed. So if I had another child I could just say right I have another child. School fees have now suddenly entered the equation, if one of us has taken on additional things or something has happened in our lives that I could simply log on, this is what has happened, and my policy would just be flexible and it would change. Ok cool you can just pay an extra fifty bucks and now you are covered with that, and it would just be as simple as that. It wouldn't have to be resigning up a whole new policy, adds-on, and then you have got about ten other policies. I think flexibility that you can manage as and when you need to. I think that would be my ideal product. “

Participants also spoke to the lack of transparency currently evident in the life insurance industry in South Africa, and the need for disruption in this regard. This again suggested phenomenological value dimensions as supporting the likelihood of disruption in the life insurance industry in South Africa, as emphasized by several of the participants.

Participant 3 showed the lack of transparency in the existing industry and the disillusionment as a result: “I would be surprised if 50% of people actually understand what their life insurance policy is all about and how it works. I think most people, and to a certain degree I will include myself in that, don't really understand how life issuance works properly and what they are actually paying for.”

Participant 2 illustrated the high likelihood and need for disruption with regards to transparency and simplicity in the life insurance industry: “if someone comes up with a really innovative product that allows them to do it ethically and its complete disclosure of what they

are doing, I think that might be something that is going to disrupt the life insurance industry.”

From a Psychological perspective, participants spoke on the impact of disruption primarily in terms of ‘Track Record’, both in terms of legitimacy, solvency and willingness to pay claims. It was found that larger firms seemed to perform better than start up in terms of these psychological value elements. Participants 2, 8 and 12 emphasised this in terms of legitimacy, and how larger firms may experience higher trust and associated value as a result.

Participant 2 spoke on legitimacy being linked to size, and talks about trust in this regard being one of the biggest challenges for smaller start-up insurers; this seems to be one of the biggest barriers to disruption: “So I think the big thing for me there is trust. I think that smaller companies do find it difficult from a trust perspective more than signing people up. I think that is more on the trust side than anything else. But I do think smaller companies, once they breach that trust issue that they struggle with most, I think then they would start to see increasing returns on their business as well.”

Participant 8 spoke on legitimacy linked to expertise, and how smaller start-up companies may struggle in this regard due to their lower perceived experience and expertise: “they have a different way of thinking and it would be fresh and they probably would be more in line with what the client actually wants, so that’s the pros. And the cons would be, do they actually have the experience. So they have ideas, but do they actually make sense. But do they have the experience on what they are doing and do they have the money to back them up.”

Participant 12 suggested that this track record value would dissuade her from insuring with a smaller company due to their perceived lack of expertise compared to more established players: “but I would probably stick to the guys who are really good in this space and do my homework. You know the guys that really play and are experts in the life space and have been there for many, many years.”

Solvency seemed to be a major deterrent for disruption in the life insurance industry in South Africa, due to the psychic costs caused by the uncertainty that the smaller start up providers

will still be around and be able to pay out at some point in the distant future; these psychic costs also seemed to be increased by the complexity of life insurance products, and by the sheer length of the relationship. These psychic costs were illustrated by Participants 3, 5 and 6.

Participant 3 spoke of these psychic costs as a deterrent to insure with a smaller player: “I think everything is ripe for disruption, but the difficulty with life insurance is that, and I certainly am one, is I want to know that somebody is stable and secure enough to be able to ride through the times, and if I end up having to claim in fifteen years’ time or twenty five years’ time or whatever it is, that that company is still going to be around; where-as with a start-up’s you just don’t know.”

Participant 6 spoke to this psychic cost but that it could be overcome to enable disruption, it would just need to be addressed: “I would have a little bit of a psychic cost, a little bit of a thought to say that life insurance people need to first of all have a lot of money behind them and secondly they need to be in there for the long haul; they need to wait for people to start dropping right. So I would just have a bit of a psychic cost to say, a small start-up, or whatever it is, if more than a reasonable percent of your members die at any time, can you actually pay us out. Generally speaking, if they can talk to that, and explain where they are coming from yes, then good.”

Participant 5 was positive about disruption in the life insurance industry, but spoke about the solvency trust element being essential; again she emphasised how the smaller insurers would need to address how they would ensure that: “So there is obviously a trust factor around a start-up, but if there was enough to prove to me that the start-up would be able to deliver on the life insurance at the end of it, I wouldn’t be at all afraid to go with a start-up. I actually like disruptive start-ups that feel to me like I am getting a better service. So I think just the trust factor; I think that is something important. I look at that across everything that I do is can I trust that this company or this start up will deliver; if it bypasses that test then I will be fine to use a different life insurance provider.”

The value dimension of ‘Pays claims no questions’ seemed to be a concern influenced

primarily by the brand and by previous experience through social media and word of mouth. This seemed to be a value dimension that influenced both larger and smaller insurance companies, as both could have the ability to pay a claim but find excuses in the fine print not to pay. The difference being that this perceived willingness seemed to be attributed to perceptions of the brand for larger insurers, but attributed to the size for smaller life insurers where a brand and reputation had not yet been established.

Participant 9 highlighted the difficulty for smaller start-up insurers with regards to this trust dimension, and the perceived psychic costs as a result: “So If a smaller guy is endorsed by a bigger guy, I would say sure no problem. But when you really start looking at it and it is like Bronwen’s life insurance is starting up somewhere, then you would rather feel, I would much rather feel comfortable going to a brand that lot of people trust, or that I trust rather, and that that brand can’t afford for its reputation to go down. Whereas I think the smaller little shop that opened that has no credibility, if he goes down that is it.”

Participant 8 emphasised the perception that start-up insurers may have a lower willingness to pay. Due to lack of reputation for a particular brand it seems that all start-ups are grouped together curbing disruption in this industry due to the perceived risk: “But I have heard too many incidents, where like my friend, her car was stolen from a car wash the other day and she was with some small insurance but because they do not have money, they do not have the money to replace a brand new Mercedes Benz C class. So they fought it tooth and nail. Where had it been an established provider they would have probably looked after her, because she wasn’t in breach in any way, do you get what I’m saying? so my thinking is that they are smaller, they don’t have money, and they will try and fight every claim.”

5.2.3.2 Likelihood of Disruption as a result of Perceived Value

The previous section explored the impact of each of the core value dimensions on disruption in the life insurance industry, and how each value element could advance or dissuade disruption by looking at the differences in the value elements for larger firms versus smaller disruptive firms. This section talks to the likelihood of disruption in general given all the findings presented above. As discussed in the introduction, many believe that the life

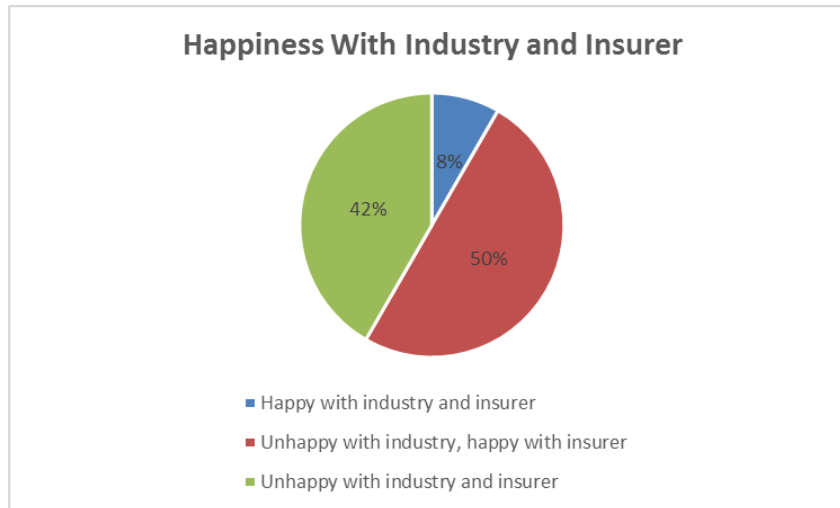
insurance industry is ripe for disruption. This is mainly as a result of disruption taking place, often unexpectedly, in many established industries. The life insurance industry in South Africa is highly established, and almost archaic, with not much change in providers or products for many years. The taxi industry was one established industry that was recently disrupted through Uber which managed to gain market share by more closely appealing to the needs of its target customer. As presented above, there is a clear sense of disillusionment in the life insurance industry currently, and from a customer perspective there is a lot of opportunity in terms of improvements in the industry. As discussed above however, certain value dimensions seem to favour larger more established life insurance brands, and as such may be a reason for the previous lack of disruption or change in the industry, as illustrated by Participant 10.

Participant 10: “So I think this is slightly different. I think Uber I need to get from point A to point B today. Life insurance they may need to pay out in twenty years. So I think that the disruption there is slightly different. I think the disruption can come in incumbent players so it is more around how they deliver the service but knowing that they have the backing to be able to pay. So, I think the challenge would come from a disruption perspective around longevity. I think the experience can definitely be disrupted in terms of how you take it up, I don’t think it necessarily needs to follow the same model, but I would feel less comfortable looking at a start-up new insurer.”

Number of Participants Looking for a Change

Participants were asked their view on the life insurance industry, existing firms within the industry, and their own insurer, and satisfaction levels were gauged from the answers. Satisfaction levels were graphically represented in Figure 17 below.

Figure 17 Showing satisfaction of participants for the industry and their insurer



As illustrated in Figure 17, only one of the twelve participants seemed to be satisfied with the existing life insurance industry; all other participants thought that many improvements were possible and that disruption within the life insurance industry in South Africa would be a good thing. Half of the participants interviewed were satisfied with their existing life insurance provider, and saw them as adding value currently; the other six participants were dissatisfied with their existing life insurance provider, and looking to switch. This shows a definite opportunity for disruption within the life insurance industry. Participants spoke on this opportunity given the impression that disruption was not only likely but coming.

Participant 2: "So with that in mind I think disruption in the insurance market, whoever thinks that that is not coming is ignorant and blind to fact that their industry is not going to be impacted by these small start-ups. So disruption is good and I think it is necessary in the life insurance industry."

Participant 5: "I think disruptive players can really come and shake up the market because, whilst I think people will take a bit of time to get used to the idea of something new and different, if there is enough scale for it or enough of a proof of concept, then people will move. I think people are looking for something newer, something better, something more

exciting at every point in every type of business.”

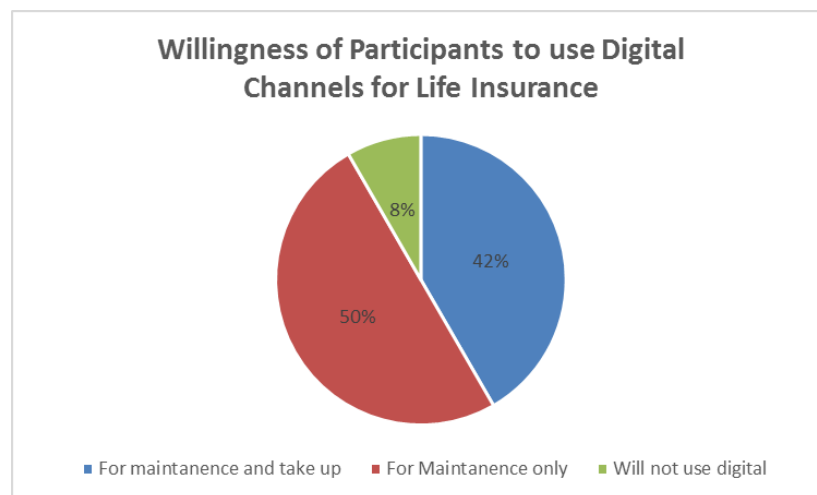
Participant 6: “So absolutely. That is speaking my language, disruption! Somebody should come and disrupt the hell out of this.” And continues to say “If someone changed life insurance to not be quite what it is; it is like this distant terminal destination.”

Participant 12: “I think there is space and I think you will see small new people coming into the market because it is just the nature of it. I think there is a gap right now, and I think the big players have been sitting on their laurels with some nice annuity income, and I think the markets and people are not that happy with what is out there and what is on offer, and it hasn’t been very competitive in terms of benefits and what you get.”

Drive to Digital

One of the major perceived influences on disruption that emerged from the data was that of digital channels. There was a feeling amongst participants that the use of digital was not yet mature within the life insurance industry, and that this could be an opportunity for disruption. The participant’s willingness to use digital channels for take up and maintenance of their life insurance policies was thus assessed through the interviews; results as depicted in Figure 18.

Figure 18 Showing digital affiliation for life insurance amongst participants



As indicated in Figure 18, one participant indicated that they would not use digital channels

for life insurance at all, and would prefer a personal financial advisor for take-up and maintenance of life insurance. Eleven of the twelve participants indicated that they would use and prefer digital channels for continuous maintenance of their life insurance policies, but only six of the participants mentioned that they would be comfortable to use digital channels for take-up of their life insurance policy. Many participants were not comfortable to use digital channels during the initial sale as they felt that was a complex product (credence products), a big decision, and preferred for someone to answer questions and assist with the process; this was illustrated in responses by the participants.

Participant 4: “Ja I think that the initial contact should definitely be face to face. Because there are a lot of questions that I had when I started off that you needed a person to answer; you can’t get an android to answer those questions. Because like, I knew nothing about life insurance. Like you would ask silly questions like what is this or this, but you just need someone to frame it and then thereafter, once you understand it, and you know that this is what you are buying into, then that process, the take on process, can be automated. If it is an initial first time sale I think you definitely need a person there.”

Participant 7: “Not initially, I think I needed that sounding board just to speak to a professional person to say yes your thinking is along the right lines or no its not. ... Just to get that initial boundaries that I need to think in and things that I need to consider. I just needed to get that out of the way. Once I had that out the way I am comfortable doing it digitally.”

Participant 8: “I wouldn’t because I think it needs to be personal. It is quite a big decision and generally you don’t understand what it is. Because I have so many questions I want to see someone.”

As illustrated in Figure 18, some of the participants gave a contrasting view indicating that they would use digital channels for take up, and some would even trust these channels more than a financial advisor or human intervention.

Participant 1 indicated his thoughts that the market is moving in the direction of digital, and

convenience through digital channels will become a necessity in the near future. He also spoke to the economic benefits of digital channels allowing for lower cost products to customers: “Look I think fifty years ago I would have said I would like the personal touch, I would like someone to come to me who is from the institution and they know about the product and they have the ability to make decisions on shaving costs rather than spitting into a system, that would be fifty years ago, but these days I know it’s expensive and costly for me if I were to require the personal touch, so with the advent of online technology I think if there were minimal clicks, easy and convenient to use.”

Participant 2 spoke to digital as a threat in terms of alternatives and suggested that disruption was likely in terms of digital channel enablement: “So what is to say that there isn’t another company that goes fully digital and doesn’t take your clients away because they have addressed the issue of paper work, they have addressed the issue of your cover, they have created all sorts of actuarial models by using AI.”

Participant 5 and Participant 10 both spoke to the preference of digital over human intervention and that they would actually trust these channels more due to an optimised formulae that is not subject to human error.

Participant 5: “I would almost trust it more, because there is no kind of human element, that now I am going to up this or up that. There is almost an algorithm that is calculated. I think digitally I would definitely look at it.”

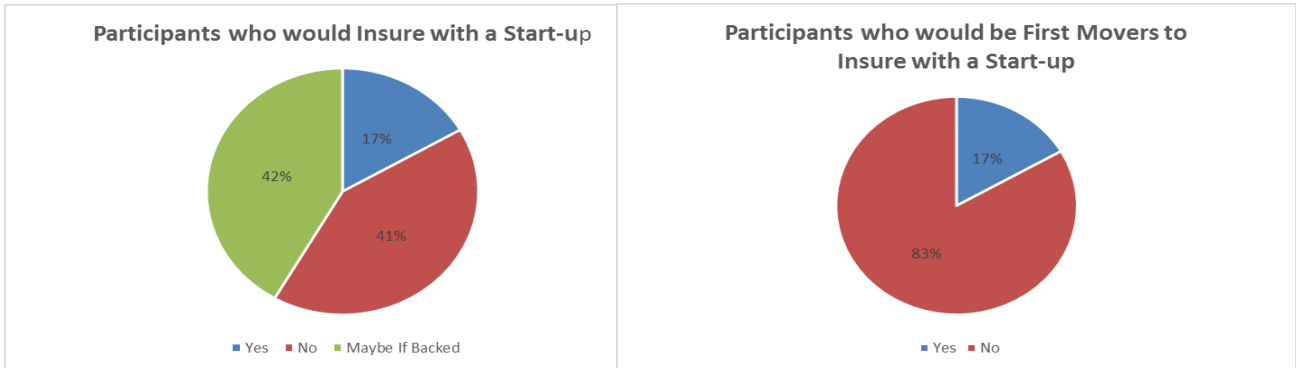
Participant 10: “I actually would feel more comfortable doing a digital execution because I know that there is a formula and no human intervention which makes me feel more comfortable than less comfortable.”

The participant’s responses thus indicated a great opportunity for disruption in terms of digital channel enablement, although adoption may be slower than in other industries due to the complexity of the products, and credence qualities.

Participant Likelihood of Taking Up Life Insurance with a Start-Up

After assessing the participants general feelings around the likelihood of disruption within the life insurance industry in South Africa, participants were then asked if they would insure with a start-up insurance provider, and if so, if they would be a first mover in this regard; results were presented in Figure 19.

Figure 19 Showing the propensity of participants to insure with a start-up



As illustrated in Figure 19, only two of the twelve participants showed a clear willingness to insure with a start-up insurance provider now. The rest of the participants either showed no interest in insuring with a start-up life insurance company due to the perceived risk (five participants), or indicated that they may consider it if the start-up was financially backed by a reputable firm but that they would not be first movers to do so. This was largely as a result of the psychic costs illustrated above, and due to the 'Track Record' value dimension and perceived lack of solvency of smaller start up players.

Participant 2, the only unmarried participant, and with no children, indicated that he would be willing to take up life insurance with a start-up now, but that that would likely change with his life stage as his perceived risk would go up with dependents: "So right now, yes. If they came up to me and said we are being completely open and honest with you and this is what we are going to offer you, with a rewards programme. If it spoke to me with their offering, I would definitely consider it. But again it is at my life cycle. The stage in my life cycle right now is that I can afford to do that because I have got no dependants, I have no debt, so I can kind of take the risk; but I think that if I had kids and I had just bought a new house and wife is pregnant with another one, then I am not so sure."

Participants 3 and 8 indicated that they had no interest in taking up life insurance with a start-up insurer as the risk were too high.

Participant 3: "I certainly wouldn't consider one off the bat, no. Should they be around for five or ten years then absolutely yes, maybe I would have a look at it, but then obviously by then it is no longer a start-up. I am certainly not going to go and pay a significant amount of money every month just because somebodies got a cool idea."

Participant 8: "So generally insurance as a whole, I would generally not even look at start-up companies, because my perception is that they don't have money. So they will try to run away from claims. It is my perception and also my experience. With the bigger companies, they have money so, I mean obviously a claim is a claim, so if it is legitimate and everything you should get it, right?"

Participant's 4 and 11 indicated a common view that, although they see disruption within the industry as a good thing, they would not personally be first movers in this regard, again due to the perceived risk, especially around solvency.

Participant 4: "I wouldn't want to be the first one on it. I would probably want to wait and see how it goes, unless they are backed by, I don't know in the insurance space like underwritten by, or say that your money is actually with a bigger financial party, but if it is just them, a brand new little company that starts off, I wouldn't be willing to put my life insurance there, not yet."

Participant 11: "I mean can I join a new company, no not really, I want to see you there first. I am not one of those early adopters, I will wait to see people enjoying the benefits and then I will go there ... but I don't really like joining to new companies in the beginning because I don't know if you are financially stable and what will happen. So for me I will still stick with the bigger companies for now."

Participant's 5 and 9 shared the view that they would be willing to take up life insurance with a start-up now, and that there would be many benefits in terms increased value, but only if

the start-up provider is financially backed and can give a reasonable indication of future solvency.

Participant 5: “Especially because life insurance is such a big thing and its over such a long period of time that I would need more assurances that there would be delivery at the end of a long period of time. So if the start-up was backed by some company that I recognised, I would be fine with that.”

Participant 9: “it sounds cool but this is my money you are talking about. I would rather probably stay with a bigger house, and if there is a smaller house that is endorsed by that bigger house then I would probably go for it; if it was just a random place I wouldn’t.”

A number of participants also indicated that even if start-up life insurance companies are unsuccessful in disrupting the industry, there are still major benefits to start-ups attempting to change the status quo, and they may succeed in doing so. Firstly, a number of participants spoke on how start-up insurance companies will likely challenge the existing providers and get them to make the necessary changes in the industry themselves, as indicated by Participants 1 and 4.

Participant 1: “I think disruption from a consumer perspective is a good thing, so if it got disrupted and it provides better competition in the industry, and therefore better and more competitor products for the consumer, then that is great.”

Participant 4: “But again I think it is probably good for the market because you have all these different guys coming with different ideas and then it pushes the bigger players to rethink their models”

Participant 9 provided an interesting perspective that the insurance market is not yet ready for disruption due to the complexity of the industry, but shared the view that either way start-ups will be beneficial for the consumer and will help to make life insurance products more customer-centric and competitive. Participant 9 believed that due to the complexity in the industry, and slow rate of change, that the established providers will likely buy the smaller

players before they are able to disrupt; this will still enable change in the industry but without disruption necessarily.

Participant 9: "I think that is what will happen, I don't think the insurance space is ready for disruption yet. It is still quite old school and luggy, and day to day business as usual for the last hundred years, but I do you think that if someone comes in and they start kind of rocking the boat, I think the insurance house will probably say, come on guys I will buy you, and I think maybe that's what they will want."

6 CHAPTER 6: Discussion of Results

6.1 Introduction

Chapter 5 of this research paper aimed to present findings collected through primary data from interviews performed and with the intention of answering the research questions posed up front. The objectives of the study being to unpack customer perceptions of value within the life insurance industry in South Africa and influences on this, to derive a model for perceived value within this context, and to understand the resulting impact on disruption. This Chapter intends to expand on findings from Chapter 5 through a detailed discussion of results and in juxtaposition with views from existing literature as presented in Chapter 2. Again, the discussion will be according to the research questions posed in order to provide more conclusive results and understanding for each research question, and so arguments can be followed clearly and easily by the reader.

Although studied extensively, there still seem to be gaps in what is known around value and little consensus has been reached to date (Bowman & Ambrosini, 2010; Gallarza, Gil-Saura, & Holbrook, 2011; Gummerus, 2013). As such there have been extensive calls in the literature for future research to be done on the topic (Gallarza, Arteaga-Moreno, Del Chiappa, & Gil-Saura, 2016), and in all areas of value studies including the definition, dimensions and measurement of value (Gummerus, 2013). This study in particular answered calls within the literature primarily by providing advancement around determining critical dimensions influencing consumer value (Sánchez-fernández et al., 2009) and in specific industry contexts as requested by the literature (Sánchez-fernández et al., 2009); in this case the life insurance industry in South Africa. The focus of this study was on determining critical value dimensions within this context, qualitatively, and future research could measure the impact of these dimensions quantitatively. The study also heeded the call for an increased focus on value within the context of service, and specifically credence services, as life insurance falls within this realm due to the high levels of intangibility evident through the product/service design (Ruiz, Gremler, Washburn, & Carrión, 2008; Sanchez-fernandez et al., 2009; Vargo and Lusch, 2008, 2016).

As discussed in the literature, many different approaches exist within the realm of value studies, including those studies that look at value creation, those that study the nature and

dimensionality of value itself, and those that measure value dimensions in different industry contexts and their influence on customer behaviour (Ravald & Grönroos, 1996; Ruiz et al., 2016). As discussed, this study primarily aimed to enhance value research of the latter, as established through the research questions posed, although this discussion has aimed to highlight key findings from all three as it relates to the literature and findings in the context of life insurance; as discussed in the literature review, value dimensionality and value creation approaches all influence perceived value dimensions and some discussion in this regard is thus relevant to answering the research questions posed.

6.2 Addressing the Research Questions

6.2.1 Research Question 1: What do customers perceive as value when purchasing life insurance in the South African context and what influences this?

This section addressed discussion around advancement in terms of value outcome determination studies, and in the context of the life insurance industry in South Africa, the primary purpose of this study. This section then also provides discussion on value creation and relationship marketing, as these were both seen to have an influence on what customers perceive as valuable in this context, and were thus important in answering Research Question 1.

6.2.1.1 Discussion of Results

Advancement in Terms of Value Outcome Determination – A Value Model for Life Insurance

As discussed upfront in this Chapter, the main outcome of this study was for advancement in the field of value outcome determination studies, as called for by Gummerus (2013), with a focus on determining critical dimensions influencing consumer value (Sánchez-fernández et al., 2009) in the life insurance industry in South Africa. Holbrook's Typology of Consumer Value (Figure 5) was used as a starting point for this qualitative study with the intention being to analyse and adapt Holbrook's Typology of Consumer Value (Figure 5) for relevance in the life insurance industry in South Africa. Chapter 5 presented findings from this study according to each value dimension put forward through Holbrook's Typology of Consumer Value (Figure 5), and the intention of this Chapter was to discuss findings in more detail and

present the adaption of the model produced through this study. The primary intention of the adaption of the model in the context of the life insurance industry in South Africa was to answer the first research question posed which asked **What do customers perceive as value when purchasing life insurance in the South African context and what influences this?**

Analysis seemed to support the use of Holbrook's Typology of Consumer Value (Sánchez-Fernández et al., 2009) as a thorough and still relevant model for unpacking perceived consumer value in general, and applicable in the context of the life insurance industry in South Africa. Areas of relevance and difference between the findings and Holbrook's Typology of Consumer Value (Sánchez-Fernández et al., 2009) were analysed and are discussed in more detail below.

All value codes which emerged could be grouped into one of the four value categories identified in Holbrook's Typology of Consumer Value (Figure 5), namely Social Value, Altruistic Value, Economic Value and Hedonic Value, and no further code groups were identified. Findings suggested that Holbrook's categories were all encompassing within this context, an assertion that would need to be tested qualitatively with scale to test and confirm this finding (a recommendation for future research). All eight existing value dimensions as put forward by Holbrook in his Typology of Consumer Value were evident within the interviews, but with varying levels of prominence and importance. All value dimensions, except for spirituality which was mentioned in only two interviews, were mentioned in at least eight of the twelve interviews, supporting the conclusion of the relevance of Holbrook's Typology of Consumer Value in assessing customer perceived value within this context.

Two new value dimensions emerged inductively from the interviews, and were grouped under 'Hedonic Value', as discussed in Chapter 5. These two new dimensions were 'Phenomenological' and 'Psychological' value and were introduced as some of the hedonic value elements which emerged from the data could not be grouped into any of the other value dimensions as put forward in Holbrook's Typology of Consumer Value (Sánchez-Fernández et al., 2009) .

As detailed in Chapter 5, the 'Phenomenological' value dimension was introduced to describe increased or decreased value which resulted from the emotional response to an experience which could not be described by 'play' or 'aesthetics'. An example of this was the value derived from the familiarity of the experience. For example, since the relationship with the insurer in the context of life insurance is a long one, the interviews seemed to illustrate that ongoing contact by the insurer with existing customers would reduce feelings of angst toward the insurer following through on their promise of payout at some point in the distant future. This response is clearly hedonic and based on ongoing experiences with the provider. This value dimension was identified as 'active' as it was as result of an experience.

As detailed in Chapter 5, the 'Psychological' value dimension was introduced to describe the impact on value because of feelings associated with the product or service which are not necessarily as an outcome of an experience, and could not be described by 'play' or 'aesthetics'. For example, the interviews strongly suggested that feelings of fear were largely driving 'purchasing' decisions around life insurance amongst most respondents, and had a great impact on perceived value of the life insurance products. These feelings were also influenced by the participant's different contexts and life stages. These feelings were perceived to be intrinsic and hedonic, and were classified as 'reactive' as they seemed to be an emotional response because of individual context for each participant.

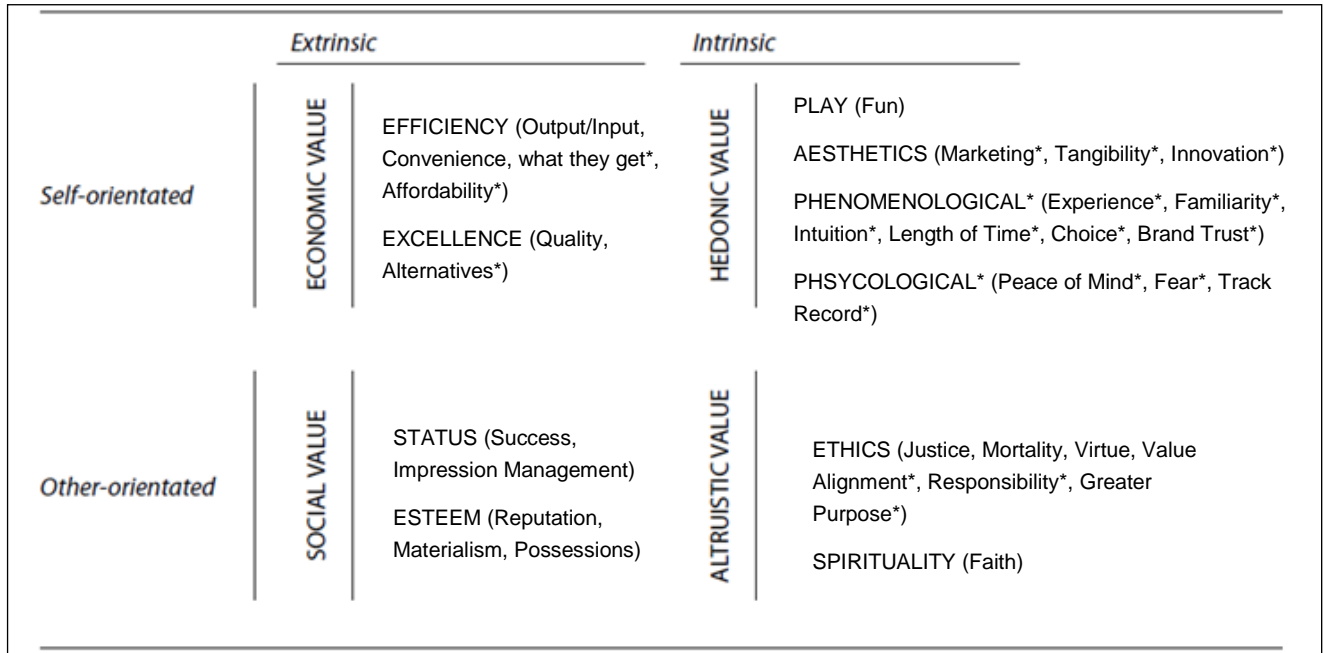
Although mentioned several times in interviews, Social and Altruistic value themes, as identified in Holbrook's model (Sánchez-Fernández et al., 2009) seemed to be of lesser importance in influencing perceived customer value within the context of life insurance in South Africa, as detailed in Chapter 5. Of these value dimensions, the altruistic dimension of 'Ethics' seemed to hold the most weight in this context, and the Altruistic dimension of 'Spirituality' was the least important amongst participants. Both 'Economic' and 'Hedonic' value dimensions were deemed highly important by participants when determining value of life insurance products within the South African context. The value dimension of 'Efficiency' seemed to have the biggest impact on value from an economic perspective, and the newly introduced 'Phenomenological' and 'Psychological' value dimensions seemed to be most important from a hedonic perspective.

As suggested in the literature review, findings supported the assertion of trust as having a marked impact on value within the context of life insurance and gave evidence for the importance of trust in the service context (Chase & Dasu, 2014; Ruiz et al., 2008). As indicated in the findings, the extreme importance of the trust dimension in the context of life insurance, a highly uncertain industry (due to credence properties, the intangibility of the transaction, and the length of the relationship) seemed to support literature which had asserted that the importance of the trust dimension increased with uncertainty (Chaudhuri & Hoibrook, 2001; Chase & Dasu, 2014). Findings showed 'Brand Trust' and 'Track Record' emerging as two significant sub-themes under Trust, and as detailed in Chapter 5 were both identified as Hedonic value drivers according to the definitions put forward in Holbrook's Typology of Consumer Value (Sánchez-fernández et al., 2009); 'Brand Trust' as 'Phenomenological' and 'Track Record' as 'Psychological'. 'Brand Trust' was used to describe the active components of trust, as experienced personally by the customer through interactions during the life of the customer and policy. 'Track Record' was used to describe more reactive components, as perceived by the user, to describe the perceived ability of the provider to deliver on the promise of life insurance, as contracted and at some point in the future. 'Brand Trust' (especially transparency) and 'Track Record' (especially legitimacy and solvency) both emerged as significantly important in their impact on value, and about equally so. The 'Track Record' value dimension of legitimacy, as it emerged from the findings, seemed to support assertions from the literature that trust is built gradually over time (Addis and Holbrook, 2001). The 'Track Record' value dimensions of 'Solvency' and 'Pays claim no questions asked', as identified through the research, seemed to support assertions from the literature that trust is built by parties "demonstrating a capacity to keep promises and showing commitment to the relationship" (Addis and Holbrook, 2001, p.6).

Figure 20 depicts a summary of the findings of this study and portrays these in an adaption of 'Holbrook's Typology of Consumer Value' (Sánchez-Fernández et al., 2009) as it applies to the life insurance industry in South Africa. This provides a graphical representation of influences on what customers perceive as valuable when purchasing life insurance in South Africa. Figure 20 thus portrays a model for perceived customer value in the Life Insurance Industry in South Africa; future studies could test these value elements qualitatively and with scale. Future research could also test these findings in different cultural contexts outside of

South Africa.

Figure 20 a model for perceived value in the life insurance industry



Source: Adapted from (Sánchez-fernández et al., 2009, p.9)

Figure 20 illustrates that all core value dimensions of ‘Social Value’, ‘Hedonic Value’, ‘Economic Value’ and ‘Altruistic Value’ seem to apply in the context of life insurance in South Africa. Changes to the original model put forward by Holbrook (Sánchez-Fernández et al., 2009) and depicted in Figure 5, were as follows; all details behind this adaption were discussed and defended in the body of Chapter 5 above:

- **Economic Value:** Two new value dimensions, namely ‘What they get’ and ‘Affordability’ were added under the ‘Efficiency’ category. One new value dimension, namely ‘Alternatives’ was added under the ‘Excellence’ category.
- **Social Value:** No new categories were identified, and it was found that all existing value dimensions applied in some degree in the context of life insurance.
- **Altruistic Value:** It was found that ‘Faith’ was the only the ‘Spirituality’ value dimension that seemed to have any influence on value in the context of life insurance in South Africa; all other ‘Spirituality’ dimensions were thus removed from the model as adapted for the life insurance industry in South Africa. Under ‘Ethics’, three new

value dimensions were identified, namely 'Value Alignment', 'Responsibility' and 'Greater Purpose'.

- **Hedonic Value:** This value category was identified to have a significant influence on value in the study. It was found that the existing value dimension of 'Play' applied as is. Under 'Aesthetics' it was found that 'beauty' had no influence in this study and so this value dimension was removed. Three new value dimensions however were identified under 'Aesthetics', namely 'Marketing', 'Tangibility' and 'Innovation.' Two new value dimensions were identified under 'Hedonic Value', namely 'Phenomenological' and 'Psychological', as defended above. 'Phenomenological Value' was further broken down into 'Experience', 'Familiarity', 'Intuition', 'Length of Time', 'Choice' and 'Brand Trust'. 'Psychological Value' was further broken down into 'Peace of Mind', 'Fear', and 'Track Record'.

The literature review suggested that a customer's decision to purchase may be based on analysis of the overall perceived value including both utilitarian and hedonic components. The findings showed that value over the entire life of the policy, and even pre-purchase, was influenced by social value, hedonic value, economic or utilitarian value, and altruistic value; all of these value dimensions seemed to have a marked influence on perceived value over the life of the policy, especially economic and hedonic factors. The literature review proposed the argument that in life insurance utilitarian qualities of the relationship may be more difficult to measure as actual utility is only realised after death; the results of the study actually disproved this where economic value/utility seemed to be relevant both at purchase stage and over the life of the policy, and not only at claims stage as was previously suspected. It seemed that the utility measured was in fact premiums in exchange for peace of mind. The lack of tangibility of the product, coupled with the length of time of the relationship, seemed to cause dissatisfaction over the period of the policy where there seemed to be a growing feeling amongst customers that they should get something of value now during the life of the policy (such as cash back) to increase utility, and so the customer actually experiences some of the value during their lifetime. Also, communication and proactivity to ensure alignment to an individual customer's needs also seemed to be measured in terms of economic value and was important in the context of life insurance. The literature review argued that since the payout happens only after the customer's death that

hedonic factors could become more important than economic factors. The study instead showed that both economic and hedonic factors are important to customers in the context of life insurance. In this case the price (input or utility value) seemed to be balanced by peace of mind (hedonic value), although more tangible outputs (such as cash back) seemed to be a requirement as the time of the relationship increased.

This study supported the views of Addis and Holbrook (2001) that “consumers are feelers as well as thinkers and doers” (p.1) and that subjective and emotional aspects of the experience are involved when evaluating a purchasing decision within the life insurance industry (Addis & Holbrook, 2001; Kowalkowski, 2011). The study also supported literature which advocated that these aspects are influenced by the company or brand, by previous experience with the company (both on life insurance products, other products and in general) and indirectly through word of mouth and social media. Word of mouth was seen to have a massive influence on perceived value in the context of life insurance due to the credence qualities, the intangibility of the product, and also because the nature of the product means that most customers would never experience the outcome for which the product was primarily intended (the payout); they would thus have to rely on the experience of others in order to evaluate this. The results of the study also supported views on the subjectivity of value. The value of life insurance was clearly impacted by life stage and the experiences of each individual; needs also changed as a result of context. There was a clear increase in value as participants got married and then had children, which changed the propensity of what people were willing to pay for life insurance and how much cover they would purchase; this also changed with an increased awareness of mortality and seemed to increase with age and as people close to the participants had passed away. Value was influenced in some cases by religious beliefs where one participants belief in Karma encouraged him to take out minimal cover and leave the rest to fate.

Advancement on the Nature and Dimensionality of Value

As discussed in the literature review, there seem to be two main schools of thought in terms of value dimensions. Value as unidimensional and utilitarian versus value as multidimensional with hedonic and emotional aspects involved. Taking a unidimensional approach would assert that these value components are purely functional and based on

utility, whereas a multidimensional approach would rather advocate that both utilitarian and hedonic components be considered (Ruiz et al., 2008). Economic value elements were clearly apparent through the primary data collected on the life insurance industry in South Africa, as discussed in Chapter 5, or value as a trade-off between costs and benefits as advocated by Zeithaml's (1988) framework (Ruiz et al., 2008). Although hedonic and altruistic elements were also clearly evident, which supported more modern approaches that have asserted that value has both rational and emotional components, and is not purely rational. Responses suggested that hedonic components from the life insurance perspective seemed to hold even more weight than rational components. Many of the participants acknowledged that they had purchased life insurance before they had a clear need for it. Many first purchased life insurance when they had just started working but did not have dependents and debt at the time, and acknowledged that they had not had a need, yet they had the products. Many participants also spoke directly to the emotional pull of life insurance products, and how life insurers actually took advantage of these emotional factors, such as fear, to sell life insurance products. These findings all implied emotional influences over rational influences and seemed to suggest the multidimensionality of value, as supported by Kowalkowski (2011).

Advancement in Terms of Value Creation

This study focused primarily on value outcome determination as defined by Gummerus (2013), and future research could study the creation of value within the life insurance context as there seemed to be a number of interesting anomalies within this context, as evident from the literature and findings from this study. Also, many calls in the literature seemed to advocate advancements in value creation research, and specifically in credence services (Gallarza et al., 2016). Even though it was not the primary focus of this research study, it was still deemed important to expand somewhat on value creation as this provided good context to value studies in general, and a good basis of understanding for this study in particular. A holistic approach was important as literature suggested that value outcome determination, the purpose of this study, was impacted by thoughts on value creation and was influenced by the different schools of thought applied to this - goods dominant logic, versus services dominant logic, versus customer dominant logic (Grönroos, 2008; Harrigan, Soutar, Choudhury, & Lowe, 2015; Heinonen, Strandvik, & Voima, 2013; Vargo & Lusch,

2008, 2016). It was also deemed necessary to highlight the differences between value in exchange and value in use, related to value creation, as these concepts impacted the point in the purchasing process at which the different value dimensions, identified as critical in the life insurance industry in South Africa, would have the biggest impact.

From a life insurance perspective, value in exchange, or value exchanged or created at point of sale, (Kowalkowski, 2011) is an interesting concept as only a promise of service delivery in the distant future is exchanged at this point, and nothing tangible is received by the customer at point of purchase; this seemed to be exacerbated by the length of the relationship which can be multiple decades in length. It seemed from responses that value in terms of 'peace of mind' (hedonic value) or value in terms of providing access to something else of value (social value), or value in terms of being part of the in-crowd (social value), is what is exchanged at point of purchase. The actual economic value of life insurance seemed only to be experienced on claim and at a point in the distant future, and is experienced by the beneficiary of the product and not by the life insurance customer who had paid for the product. From a pure economic exchange perspective it could be argued, as discussed in the literature review, that negative economic value is in fact created as there is immediate input (monetary value) but no output until claim (which can be forty years into the future). This emphasised the intangibility of the value relationship, and from the responses it was clear that this relationship caused angst amongst customers due to the lack of visibility of benefits up front. This seemed to be balanced somewhat by hedonic value in the present primarily through peace of mind received by the customer by purchasing the life insurance product/service. It was found that value perceptions for life insurance could likely be increased through value in use, either through improved convenience and service experiences (with influences on both economic and hedonic value dimensions), and through loyalty or cash back (with influences on both economic and hedonic value components, and with more tangible benefits in the present). These were all areas that were offered as areas for improvement and could be catalysts of future disruption in the industry. These results seemed to support relationship marketing theories discussed in the literature which advocated that every interaction is a chance to improve or reduce value in use (Lemon & Verhoef, 2016).

Service dominant logic has advocated that value is measured through interactions with the company and products, and not by some objective quality standard (Kowalkowski, 2011). This research seemed to suggest that these interactions do not need to be direct, and could be influenced by external factors such as other customers opinions through word of mouth, and by a customer's individual context and experience. Some participants spoke of family and friends dying which increased the value of life insurance for them, with no interaction with the firm. Another spoke of moving countries being a reason for this value increasing as life insurance was not a social expectation in Zimbabwe but was seen as much more culturally relevant in South Africa. This was partially as a result of marketing, which could be attributed to a firm- customer interaction, but also as a result of other elements which were outside of the realm of the firm. This supported service dominant logic theories which have advocated that value creation is forced to consider multiple participants and resources involved in the process, both inside and outside of the firm's control (Akaka & Vargo, 2015). This also supported literature that has advocated that value creation is not always deliberate, but that value rather emerges in the way that customers process and interpret experiences in their own subjective contexts (Heinonen et al., 2013). This also supported the concept of perceived value as "always uniquely and phenomenologically determined by the beneficiary" (Vargo & Lusch, 2008a, p.9), where the subjectivity of assessment was clearly based on individual context.

It could be argued, through findings from the research, that peace of mind is one of the only things exchanged at point of sale and as such that value is not created by the firm at all as this is a hedonic response that happens purely in the realm of the customer; this seemed to support notions of customer dominant logic (Grönroos, 2008; Harrigan, Soutar, Choudhury, & Lowe, 2015; Heinonen, Strandvik, & Voima, 2013; Vargo & Lusch, 2008, 2016). From the findings it was apparent that the firm however creates the opportunity for this to take place through the initial interaction, which seems to support a service dominant logic approach (Gummerus, 2013). This approach also supports literature that suggests that a product cannot be embedded with value but that value takes place through the interaction between the customer and the product or service (Babin & James, 2010; Grönroos, 2008; Vargo & Lusch, 2008a, 2008b, 2015). This seemed to imply that the customer is the most active participant in the value creation process in the context of life insurance, as advocated by

Kowalkowski, (2011). This supported the notion of the producer-consumer distinction as unimportant and value as created holistically and involving multiple parties (Vargo & Lusch, 2008). Since peace of mind was seen as an emotional response it could be argued that it is created by the customer through the promise made by the firm. It seemed from responses that this is created through the perceived ability of the firm to fulfil this promise, and not the actual ability. From the interviews this perceived ability appeared to be dynamic, and forever changing through the life of the policy. Also the value of 'peace of mind' seemed to change with life stages (e.g. with the number of dependents), as discussed. This supported the service driven approach which had advocated that value is continuous and occurs over time (Gummerus, 2013). Every interaction between the firm and customer would likely impact this, as well as the customer's own emotional response which seemed to change based on context. This also supported the view of Heinonen et al. (2013) that value creation can sometimes be a completely mental experience.

From findings, consumption by the customer seemed to be completely hedonic and intangible and seemed to change over the life of the policy, with no change in input from the firm, and as such it could be argued that life insurance provides a strong example to support customer-dominant logic theories. Traditional life insurance seemed to follow a value facilitation model within customer dominant logic with the firm only providing resources into the process through the initial promise (Grönroos, 2008). There seemed however to be opportunity to increase value of a specific firm by the firm taking on a value fulfilment role by creating ongoing interactions with the customer (Grönroos, 2008) and providing opportunities to co-create value more directly and in the present. Participants interviewed had displayed an unfulfilled need for more interaction with their life insurer and had perceived a lack of interaction as a lack of care, a current flaw in the industry and an opportunity for disruption. It seemed from the interviews that value fulfilment and co-creation of value, as described by customer dominant logic theories, could be achieved by firms taking more time to understand the changing needs of their customers, and proactively suggesting changes to the policy to align to the changing needs of their customer. Also, loyalty programs, which allow for more regular engagements with the firm during the life of the policy, were identified as a further opportunity for co-creation.

Advancement in Terms of Relationship Marketing

The findings of this study also seemed to support the importance of relationship marketing, and a longer term view on value, as advocated by Addis and Holbrook (2001); this is value as created over an extended period of time through multiple interactions with the provider and suggested that every interaction with the provider, pre-purchase, purchase, and post-purchase, would have an impact on customer perceived value and future purchasing decisions (*Lemon & Verhoef, 2016*). Findings supported the importance of value as it is influenced through the overall relationship which, in the context of life insurance, seemed to be dynamic and cultivated over time. This was found to be especially relevant in life insurance which by nature can extend over many years; a number of participants within the study even referred to the relationship with the insurer as a partnership, or a marriage.

The new phenomenological value dimension identified through the findings supported theories of relationship marketing which has advocated that value is directly influenced by experience. The phenomenological value dimensions of 'experience', 'familiarity', and 'brand trust', identified through the study as relevant in the life insurance context, all spoke to this. Familiarity, a value dimension mentioned as important by all participants, verified the importance of cultivating relationships over time as it impacts perceived value, be it through the sales and support channel, or directly with the insurer. This familiarity element seemed to support theories around transactional value, and the importance of the relationship, as put forward by Kim et al (2015). The findings also indicated that time itself may influence the value of the relationship through a higher customer expectation on the firm's output being cultivated as the length of the relationship increases; it was evident in the life insurance context that customers seemed to want more back over time.

The findings identified new psychological value dimensions, such as perceived solvency and the likelihood to pay claims, as highly linked to perceived value in the life insurance industry. These value dimensions were largely influenced by word of mouth and social media, which further supported relationship marketing theories of perceived value as influenced by any interaction or knowledge of the brand, both where the company has control and where they do not; findings also supported assertions in the relationship marketing literature that the influence can have a positive or negative impact on perceived value (*Lemon and Verhoef*

2016).

Altruistic value dimensions identified also seemed to support theories of relationship marketing. These dimensions spoke to value alignment between the firm and the customer, and the desire to partner with an ethical firm for life insurance; the findings showed that these elements seemed to have a marked impact on perceived value. The findings supported the importance of the relationship, as advocated in the literature, and identified a desire by customers for a partnership with a life insurance company, the importance of which seemed to increase with the length of the relationship and the intangibility of the products. The concept of value alignment and working with the firm to achieve a greater purpose, supported the literature which has advocated that value is cultivated over time and through a longer relationship.

The findings further supported theories put forward by Lemon and Verhoef (2016) as value in exchange (at point of purchase) being influenced by pre-purchase interactions (for example through marketing, value propositions, brand reputation, and by word of mouth marketing), and by post-purchase interactions with the brand (for example through communication, servicing, proactivity, transparency, claims experience on other products, and loyalty or cash back). The study also supported the literature by suggesting that value over time was also influenced by the value introduced by competitors and alternative products (as evaluated economically).

It was suggested in the literature review that 'value in use' may be influenced by interactions with other customers and perceptions as spread through social media and 'by word of mouth', and through interactions with the brand through marketing and servicing; the findings supported this assertion. The study suggested a large influence of 'by word of mouth' in the life insurance industry, especially since a customer will never be able to experience a claim themselves and so would need to rely on perceptions of others. Track Record trust was found to have a major influence on perceived value in this context. This value dimension comprised of perceived legitimacy, perceived solvency, and the willingness to pay claims no questions asked; all of these value influences were found to be largely influenced by word of mouth and social media.

The findings supported assertions in the literature review, around relationship marketing, that increasing interactions post-purchase could positively impact value. Participants described the traditional life insurance industry in South Africa as not being proactive and as lacking care and communication; it was evident that improvement in these areas could help to increase value, and could be an opportunity for disruptive players. The data also supported assertions in the literature review that loyalty programs and cash back could improve value through increased engagement with the firm. The findings suggested that these loyalty programs and rewards increased perceived value considerably both by increasing the opportunity of the firm to engage with the customer, thus improving familiarity and experience (hedonic factors), by increasing the tangibility of the product up front (hedonic factors), and by improving the output of the product (economic factors). In the existing insurance market in South Africa there seemed to be a tendency to gamify the loyalty programs, thus improving the hedonic value of play; an example being the Discovery Vitality program which allowed customers to move up levels and receive rewards by performing certain activities which improved health and lowered insurance risk. Some participants however saw loyalty programs as an unnecessary expense if these programs were not perfectly tailored to their preferences, and would prefer lower premiums instead of the loyalty programs (economic value driver). All participants spoke to the value of cash back and it seemed that this was becoming an expectation in the industry and that life insurers would need to introduce such benefits to remain relevant.

6.2.2 Research Question 2: What influence is customer perceived value likely to have on disruption of the life insurance industry in South Africa and what is the likelihood of disruption as a result?

This section uses findings established for Research Question 1, and the model for perceived value adapted for the context of life insurance as presented above, to unpack and discuss the impact of perceived value on disruption in the life insurance industry in South Africa, and the likelihood of disruption as a result; the intention being to answer Research Question 2.

6.2.2.1 Discussion of Results

The literature had stressed the importance of taking a customer view on value (Heinonen, Strandvik, & Voima, 2013). The literature had also stressed that perceived value, value dimensions, and value creation, are different in varying industry contexts, and that customer value in each context should be understood more thoroughly (Sánchez-fernández et al., 2009). This study has supported the importance of this and has shown how a customer centric approach can create higher perceived value of one firm over another. The study aimed to analyse and understand the likelihood of disruption in the life insurance industry in South Africa by assessing value gaps of existing providers according to customer's needs and what is most valuable to them, and by understanding opportunities where perceived value could be improved in this context. The intention of this being to answer the second research question **What influence is customer perceived value likely to have on disruption of the life insurance industry in South Africa and what is the likelihood of disruption as a result?** The answer to the previous research question assisted in producing a model for perceived customer value within the life insurance context, to understand the dimensions that influence value within this context, and to understand the varying degrees of importance of each dimension. This section aimed to use this to make an assessment on the likelihood of disruption within the life insurance industry as a result. The suggestion that perceived value could influence disruption seems to support theories by Sanchez-Fernandez & Iniesta-Bonillo (2007) that have stated that "The creation of customer value must be the reason for the firm's existence and certainly for its success" (p.1).

As discussed, previous research in the life insurance industry focused specifically on the firm's perspective, especially CVM (customer value management) around increasing profitability of the firm(Brown, et al.; FC Business Intelligence, 2015; Tiefenbacher & Olbrich, 2015). This study instead advocated that profitability is largely as a result of being able to deliver value to customers and according to their specific needs, and what is perceived as valuable to them. Findings revealed a general mistrust in the industry currently, and suggested that there was opportunity for improvement in aligning more closely to the needs of customers to provide true perceived value, an indication of possible disruption in the industry. Participants expressed a need for life insurance but there seemed to be disillusionment for existing providers; primary reasons for the disillusionment seemed to be

as follows:

- There was a perception that the industry was archaic with little differentiation between firms.
- There was a perception that insurers were greedy and took advantage of customers.
- New insurance models were emerging which provided tangible rewards and benefits to customers through the life of the policy; this seemed to influence the value negatively of firms who did not.
- Insurers were seen as profit hungry, manipulative, and unethical resulting in a lack of value alignment with the customer.
- A lack of relationship and personalisation was identified. There also seemed to be a lack of care and communication to the customer which seemed to increase the fear of whether they had the right cover, and whether the insurer would deliver on their promise, thus reducing peace of mind and value.
- A lack of customisation and dynamism was indicated through findings. There was a feeling that customer's needs are different, and that these needs changed continuously through the life of the policy; for example as life stage, number of dependents and level of savings change. There was a feeling that insurers could be more proactive to ensure that the cover offered more closely meets the needs of the customer and changes continuously as required.
- Findings displayed the perception amongst customers that larger companies include elevated margins onto products and that there could be improvement from an economic perspective in this regard.
- Findings suggested a need for innovation and convenience in the industry, and the need to introduce digital channels. The possible psychic costs of digital channels were suggested by participants, and there was a feeling of the need for a multi-channel approach with 'channel of choice' for the customer.
- There was an identified need for improvement of service quality and for the insurer to be more proactive in understanding and managing the risk needs of the customer; findings suggested that this would improve economic value (through improved quality) and hedonic value (through increased peace of mind).

- Findings demonstrated a need for increased value in terms of loyalty programs and cash back and that this was becoming an expectation in the industry due to the length of the relationship and intangibility of the product/service on offer.

These value gaps, in the life insurance industry currently, spoke to possible disruption in the industry in South Africa, and seemed to signal an opportunity for smaller disruptive players to enter the market, and direction for existing players on key areas for improvement to guard against the impacts of disruption. The findings of this study thus supported literature which had asserted that understanding value from a customer's perspective can enable firms to create and deliver ongoing and superior value, ensure relevance into the future, and ensure that they are not disrupted by more competitive players (Martelo-Landroguez et al., 2015); the value model identified in Figure 20 then provided the tools for this assessment for the life insurance industry in South Africa. As suggested in the literature, once value is understood, insurers can then pursue alignment of customer value to their resources, constraints and strategies in order to best appropriate this value for profits, known as value fusion (Malthouse et al., 2013). This study thus supported the importance of value research in the context of the life insurance industry, its impact on future profitability and sustainability (Ruiz et al., 2008) and the resulting importance to managerial strategy (Babin & James, 2010), as asserted in the literature.

It emerged from the findings that Economic, Altruistic and Hedonic value dimensions seemed to have the biggest impact on disruption in the context of life insurance, with Hedonic dimensions having the biggest impact. This was the case as the biggest differences in perceived value between established life insurers and smaller start-ups were recognised in these areas:

- **Economic Value:** Findings suggested that the opportunity for improvement on economic value dimensions seemed to favor smaller start-up insurance companies as there seemed to be opportunity for improvement with regards to cost, output, customer-centricity, convenience, cash back and loyalty, and service quality. This seemed to suggest a high likelihood of disruption as a result of economic value dimensions.

- **Altruistic Value:** Findings suggested that Altruistic value dimensions could have both a positive and negative impact on disruption. Due to the current mistrust and perceived greed in the industry there seemed to be an opportunity for smaller disruptive players to take an ethical angle to life insurance and win over customers as a result. Findings also suggested certain altruistic factors that benefitted smaller insurers just because they were smaller, such as customers investing for a perceived greater purpose. On the flip side however, the altruistic value dimension of responsibility for one's kids and family could slow down disruption in this space.
- **Hedonic Value:** Findings suggested that Phenomenological value elements (value as experienced) seemed to favour the smaller disruptive players, especially around the ability to provide transparency to customers, an element which participants suggested was missing in the industry currently, and through the ability to provide a unique and improved experience through the product design and through all interactions. Psychological value elements (value as perceived) seemed more prominent in larger more established firms where there seemed to be a greater sense of legitimacy, peace of mind, and trust in the solvency of the firms and its ability to deliver on the promise of life insurance; again, this is dependent on the perception of the customer and not on the reality of the situation. There also seemed to be a large perceived trust influence regarding disruption where Brand Trust (a phenomenological value dimension) seemed higher with the smaller firms and Track Record (a psychological value dimensions) greater with the larger firms.
- **Social Value:** Social value did not seem to have a marked impact on the likelihood of disruption, as discussed in Chapter 5, as the impact of social value seemed to be based on the need for the life insurance products themselves, and had little to do with the insurance providers.

The phenomenological value dimension identified under hedonic value influencers identified customisation and personalisation as exceptionally important in the life insurance context. Customers spoke of their personal needs for life insurance, and how they differed from the needs of others, and how their needs had changed over time. Personalisation was seen as important in this context, and something that was largely neglected by larger insurers who instead chose to apply a one size fits all model. This was identified as a possible opportunity

for disruption. Customers were calling for insurers to be more proactive about understanding their needs and suggesting alternatives and changes based on this. The importance of this was largely as a result of credence properties of life insurance where customers were not fully aware of their own needs due to the complexities of the product, and required proactivity of the insurer as a result.

The findings illustrated the importance of trust, specifically 'track record', in perceived value and purchasing decisions within the life insurance industry, and that this would likely act as a deterrent for disruption within the life insurance industry in South Africa. Most participants indicated that disruption would be a good thing and that change was needed in the industry, but very few were willing to take the risk themselves. The backing of a reputable and financially stable and recognisable brand could assist in reducing psychic costs and enabling disruption. The reputable brand would increase both the 'familiarity' and 'track record' hedonic value dimensions. Participants still indicated that they thought that the industry would be disrupted at some point, most of them would just not be first movers in this regard. If majority of customers erred on the side of caution due to the risk, as did many of the participants interviewed, disruption in the industry could be unlikely or slow. The results here-in would need to be tested quantitatively with scale in order to confirm this.

Irrespective of whether smaller start-ups are successful in disrupting the life insurance industry in South Africa or not, findings suggested that disruption is essential in moving the industry forward and that major benefits exist just through start-ups attempting to change the status quo in the industry. By challenging the status quo, smaller start-up insurance company may fire up necessary change amongst the existing and traditional life insurance providers, and to the benefit of customers. Findings seemed to suggest that the life insurance market in South Africa may not yet be ready for disruption due to the complexity of the industry and huge reliance on Trust, but that start-ups will still be instrumental in moving the industry to be more customer-centric and competitive. Findings have suggested that the slow rate of change as a result of the complexity of the industry may result in established providers purchasing these start-ups as they become a threat, thus moving the industry forward significantly but without transformational disruption.

7 CHAPTER 7: Conclusion

7.1 Principle Findings

Principle findings from the research study are presented below according to the research questions posed up front. Principle findings under the first research question aim to determine what customers perceive as valuable in the life insurance industry in South Africa, and influences on this. Principle findings under the second research question aim to determine the influence that customer perceived value would have on disruption of the life insurance industry in South Africa, and the resulting likelihood of disruption as a result. Research performed for Research Question 1 was primarily deductive as it tested the applicability of existing literature on value in the context of life insurance in South Africa. Holbrook's Typology of Consumer Value (Sánchez-Fernández et al., 2009) was tested deductively for applicability in the life insurance industry, and adapted accordingly using inductive findings from the research. Research performed for Research Question 2 was primarily inductive, and used the value findings and model adapted for Research Question 1 to answer Research Question 2.

7.1.1 Principle Findings for Research Question 1: What do customers perceive as value when purchasing life insurance in the South African context and what influences this?

- The findings suggested that value is multi-dimensional with both economic (rational) and hedonic (emotional) components evident (Kowalkowski, 2011).
- This study put forward an adaption of Holbrook's Typology of Consumer Value (Sánchez-Fernández et al., 2009) for use in the Life Insurance industry in South Africa (Figure 20), with slight adjustments to the value dimensions presented, for relevance in the life insurance industry, and as an outcome of the findings.
- In terms of value outcome determination, analysis seemed to support the use of Holbrook's Typology of Consumer Value (Sánchez-Fernández et al., 2009), as a thorough and still relevant model for unpacking perceived consumer value in general, and applicable in the context of the life insurance industry in South Africa, with all four value categories of the model being relevant in this context. The perceived value of life insurance in South Africa seemed to be influenced by Social Value, Hedonic

Value, Economic Value, and Altruistic Value, but with Hedonic and Economic value dimensions having the biggest impact.

- Two new Hedonic value dimensions emerged from the findings, as illustrated in Figure 20, namely 'Phenomenological Value', or hedonic value as experienced (active), and 'Psychological Value', or hedonic value as perceived (reactive). These were seen as hedonic value drivers which could not be grouped under 'Play' or 'Aesthetics', dimensions evident in the original model proposed by Holbrook (Sánchez-Fernández et al., 2009).
- With regards to Social and Altruistic value drivers, 'Ethics' seemed to have the biggest impact on perceived value for life insurance, and 'Spirituality' the lowest. The value dimension of 'Efficiency' seemed to have the biggest impact on value for life insurance from an economic perspective, and the newly introduced 'Phenomenological' and 'Psychological' value dimensions seemed to be most important from a hedonic perspective.
- The findings supported the assertion of trust as having a marked impact on value within the context of life insurance and supported literature which had asserted that the importance of the trust dimension increased with uncertainty (Chase & Dasu, 2014). Trust seemed to be experienced hedonically, the phenomenological aspects identified as 'Brand Trust' (trust as experienced personally by the customer during the life of the policy, such as transparency) and the psychological elements categorized as 'Track Record' (the perceived ability of the provider to deliver on the promise of life insurance in the future). 'Brand Trust' (especially transparency) and 'Track Record' (especially legitimacy and solvency) both had a significant impact on value and equally so.
- The lack of tangibility of the life insurance product/service including lack of visibility of the benefits up front, and credence nature of the product/service, seemed to create difficulties in the assessment of value, and seemed to introduce angst into the relationship. It was found that value perceptions could be improved through enhanced convenience and service experiences, and through introducing more tangible benefits in the present, such as loyalty and cash back. These were identified as possible catalysts for disruption in the industry. It was also found that cash back

benefits seemed to be becoming an expectation in the industry in South Africa.

- Life insurance, from the findings, seemed to provide strong support for customer-dominant logic theories (Heinonen et al., 2013) as, in this industry, consumption by the customer (primarily in terms of peace of mind) seemed to be completely hedonic and intangible, with the perceived value of the policy changing significantly and subjectively over the life of the policy, and often with no input from the firm.
- Findings suggested that traditional life insurance followed a value facilitation approach within customer dominant logic (Grönroos, 2008), and that value fulfilment by insurers (Grönroos, 2008) was possible by actively creating opportunities for value co-creation through increased interaction with customers throughout the life of the policy. There seemed to be a gap in the industry in this regard where customers seemed to interpret lack of interaction by the insurer as a perceived lack of care, and this was identified as a possible area for disruption. Suggestions made were for insurers to be more proactive in insuring products align to the changing needs of their customers, and to introduce loyalty programs as a way to increase opportunities for engagement.
- Findings seemed to suggest that in the life insurance industry, the customer is the most active participant in the value creation process, but that the insurer creates the opportunity for this through value propositions. This supported the notion that a product/service is not embedded with value, and that value is created in the realm of the customer as he/she interacts with the product/service and with his/her own subjective contexts (Heinonen et al., 2013); in this case, peace of mind is created and changes through these interactions.
- Findings also illustrated the dynamic nature of the value relationship, especially in life insurance where the relationship is a long one, and where customer needs change significantly over the life of the policy. Also, in life insurance pricing is based on risk which increases with age; the result being that pricing (input) increases without the product benefits (output) changing, suggesting the reduction in economic value over time.
- Findings showed the value of life insurance to be significantly impacted by life stage and experience of each individual; there was an increase in value of life insurance

when participants got married and had children, and with an increased realisation of one's mortality through age and events. This changed the propensity of what a customer was willing to pay for life insurance throughout the life of the policy.

- Relationship marketing (Lemon & Verhoef, 2016) was identified as highly relevant in the context of Life insurance, through the hedonic value dimension of 'familiarity' being identified as significant, suggesting the value of the brand and relationship as cultivated over time. Findings also suggested that time itself may influence value as customer expectations seemed to increase with time.
- Findings suggested that, in the context of life insurance, value was influenced by pre-purchase interactions (primarily through marketing, value propositions, brand reputation, and by word of mouth marketing), and through post-purchase interactions with the brand (primarily through communication, servicing, proactivity, transparency, claims experience on other products, and loyalty or cash back). The study suggested a large influence of 'by word of mouth' in the life insurance industry, especially since a customer will never be able to experience a claim themselves and so would need to rely on perceptions of others.

7.1.2 Principle Findings for Research Question 2: What influence is customer perceived value likely to have on disruption of the life insurance industry in South Africa and what is the likelihood of disruption as a result?

- Participants expressed a need for life insurance, but there seemed to be a general mistrust for the existing life insurance industry in South Africa, and disillusionment for existing providers.
- Findings uncovered clear opportunities for improvement to increase value. There seemed to be a need for improved innovation and convenience in the industry, improved service quality, for the insurer to be more proactive in understanding and managing the risk needs of their customers, for increased customisation due to the vastly different needs of customers, and more tangible benefits during the life of the policy. All of these areas signalled opportunities for disruption.
- Digital channels were seen as an opportunity for increased value in life insurance in

terms of convenience and service quality of life insurance take-up and policy maintenance. Findings however showed psychic costs attached to digital, especially regarding take-up of insurance products, and this was due to the complexity of life insurance where many customers preferred a face to face interaction where they could ask questions. Findings thus displayed the need for a multi-channel approach with 'channel of choice' for the customer.

- The biggest differences of perceived value between established life insurers and smaller start-ups were recognised with regards to Hedonic value dimensions, signifying the biggest opportunity for disruption in this area; although findings showed opportunity with regards to economic and altruistic value dimensions as well.
- Economic value dimensions seemed to indicate opportunities for disruption with improvements possible in the areas of cost, output, customer-centricity, convenience, cash back and loyalty, and service quality.
- Altruistic value dimensions were identified as having both a positive and negative impact on disruption for life insurance. The existing mistrust and perceived greed of existing providers posed an opportunity from an ethical value dimension. The altruistic value dimension of responsibility for one's family could however slow down disruption.
- Hedonically, phenomenological value dimensions posed an opportunity for disruption (including the ability to provide transparency and a unique and improved experience for life insurance), whereas in contrast, psychological value dimensions seemed more prominent in larger more established firms (where a greater sense of legitimacy, peace of mind, and track record trust were experienced). There was a perception that more established life insurance providers were more likely to pay claims.
- The findings illustrated the importance of trust, specifically 'track record', in perceived value and purchasing decisions within the life insurance industry in South Africa, and that this would likely act as a deterrent for disruption. There was a perceived need for change in the industry, yet few participants were willing to risk insuring with a start-up provider, primarily due to uncertainty around future solvency of these players ('track record'). If majority of customers erred on the side of caution due to the risk,

as did many of the participants, disruption in the industry could be unlikely or slow. Findings however suggested that the backing of a reputable and financially stable and recognisable brand could assist in reducing psychic costs and enabling disruption.

- Findings suggested that irrespective of whether smaller start-ups will be successful in disrupting the life insurance industry in South Africa, attempts to challenge the status quo will still benefit customers by firing up the industry so that more established firms bring about the necessary change in the industry in an attempt to remain competitive.

7.2 Implications for Management

As discussed in depth in Chapter 1, the ability to create and sustain value for customers is a source of differentiation and competitive advantage for firms, and can help to curb disruption and ensure relevance (Ruiz et al., 2008). As such, the ability to understand drivers for customer perceived value in a particular industry, and how to best appropriate that value for profit, is essential to managerial strategy and firm sustainability (Babin & James, 2010). Sanchez-Fernandez & Iniesta-Bonillo (2007) has gone as far as to say that creating customer value should be the purpose of the firm and reason for its existence, and understanding what is valuable to customers in a specific industry context is essential to this. The need for differentiation, through closer alignment to what customers perceive to be valuable, is becoming even more important due to the advent of increased competition through globalisation, fast moving technological advancements, and social media, and an understanding of customer value drivers is essential to this (Ansari & Riasi, 2016; Malthouse et al., 2013; Sánchez-fernández et al., 2009).

In the context of life insurance, most research performed to date has taken a firm approach to value (Brown, et al.; FC Business Intelligence, 2015; Tiefenbacher & Olbrich, 2015), and no model existed with which to understand and measure customer perceived value in the life insurance industry. This research study was useful in providing such a model with which life insurance firms can assess their value propositions in order to ensure closer value alignment to what customers actually want. The study also spoke to the importance of

different value dimensions within the industry, which can assist life insurance firms with value appropriation for optimal profits and to remain relevant going forward. This model is intended to assist firms in defining strategy which will allow them to remain relevant and competitive into the future.

There is a widely accepted view that life insurance, in South Africa and in general, is ripe for disruption (PWC, 2016). This research study will thus be useful to management of established life insurance companies in South Africa by providing a model which will help them to understand the needs of their current and prospective customers to allow closer alignment to these needs in order to compete effectively and sustainably and to curb disruption by smaller start-up firms in the industry. This research study will also assist smaller disruptive life insurance firms in South Africa to understand customer needs in this space and areas in which they can most effectively compete with larger more established firms.

7.3 Limitations of the Research

A number of limitations were identified in the research, as outlined below:

- This study has focused on one dimension influencing disruption in the industry only, namely perceived value, and has not looks at disruption holistically. There may be other factors, not relating to perceived value, that may yield different consequences for disruption within the industry.
- Marketing literature looks at the demand perspective of value, as perceived by the customer, whilst strategic management literature looks at value appropriation, or the firm's ability to create and capture this value (Martelo-Landroguez et al., 2015). This study focused on the demand perspective in the context of life insurance. Future research could focus on value appropriation, and how firms can capture the value as described in this paper. This could enable the firm to create a distinctive capability and to impact profits most optimally.
- Many of the participants shared the view that even though life insurance may be inherently valuable, purchase and post-purchase decisions to take up the product, how

much cover to take, to reduce cover, or to lapse the product, were heavily impacted by affordability of the individual customer, on budgets and on having 'disposable income' available. Since the population group only included participants who could afford life insurance products, results could have been skewed when evaluating this value factor in particular. Future research could explore this further, and could investigate the impact of affordability in the context of financial services in general.

- One of the participants mentioned spirituality and his religious beliefs as a major driver of value for him within the life insurance industry. This value influence did not emerge in any of the other responses. It was recognised that this could be as a result of the small sample size characteristic of a qualitative study (McCracken, 1988b). As such future research could explore the impact of spirituality on perceived value in the life insurance industry quantitatively and with scale.
- The generalisability of the study was limited to the South African context, and findings cannot be assumed to be transferable to other geographic locations and cultural contexts.
- The small sample size, true of qualitative research studies, meant that the opinion of a small group of participants was reflected in the results. This puts the generalisability of results into question, and quantitative studies are recommended for future research in order to confirm studies derived qualitatively through this research, and with scale.

7.4 Suggestions for Future Research

The study uncovered a number of opportunities for future research, which were out of scope for this particular research study, but would provide valuable insights and advancements to the literature. Suggestions for future research are as follow:

- A qualitative approach was taken in providing a model for value within the life insurance industry in South Africa as a logical first step, and quantitative testing, to confirm findings with scale, could be useful for future research.
- This study has focused on value outcome determination from the perspective of customers, and in the life insurance industry in South Africa. Future research could expand on this by investigating how to best appropriate value through value fusion (Malthouse et al., 2013) in the life insurance industry in South Africa and as a result

of the customer value model presented herein.

- This study of value focused primarily on outcome determination as defined by Gummerus (2013), and future research could study the creation of value within the life insurance context as there seem to be a number of interesting anomalies within this context as discussed above.
- One of the participants mentioned that when he moved from Zimbabwe to South Africa his perceived value and need for life insurance changed as a result of the differing cultural contexts and social pressures. Results of this study are thus likely to differ in other geographical contexts and further research studies could investigate this.
- Since access to a loyalty program is often as a result of having an insurance product, as per the findings of this research, the associated value of the loyalty program could be transferred to the life insurance product as 'value in use', and could result in a decision to continue with the life insurance provider for that reason. This transference of value because of loyalty programs could be tested as a future research project.
- The dynamic nature of economic value in the life insurance industry could be studied further as future research.
- This study has demonstrated the importance of trust as it impacts value in a credence service environment, specifically life insurance, where the product is inherently complex and difficult to understand. Future studies could assess the generalisability of these findings for other credence services.
- Findings showed participants in general not to be first movers when it came to taking up life insurance with a start-up life insurance provider, due to the perceived risks, and especially around solvency. If majority of customers took this approach, it is likely that disruption in the industry could be unlikely or slow. This would thus need to be tested quantitatively and with scale in order to provide conclusive results.

References

- Addis, M., & Holbrook, M. B. (2001). On the conceptual link between mass customisation and experiential consumption: an explosion of subjectivity. *Journal of Consumer Behaviour*, 1(1), 50–66. <https://doi.org/10.1002/cb.53>
- Akaka, M. A., & Vargo, S. L. (2015). Extending the context of service: from encounters to ecosystems. *Journal of Services Marketing*, 29(6/7), 453–462. <https://doi.org/10.1108/JSM-03-2015-0126>
- Ansari, A., & Riasi, A. (2016). Modelling and evaluating customer loyalty using neural networks: Evidence from startup insurance companies. *Future Business Journal*, 2(1), 15–30. <https://doi.org/10.1016/j.fbj.2016.04.001>
- Babin, B. J., & James, K. W. (2010). A brief retrospective and introspective on value. *European Business Review*, 22(5), 471–478. <https://doi.org/10.1108/09555341011068895>
- BrightRock. Building the BrightRock brand through content (2015).
- Chase, R. B., & Dasu, S. (2014). Experience psychology - a proposed new subfield of service management. *Journal of Service Management*, 25(5), 574–577. <https://doi.org/10.1108/JOSM-03-2014-0094>
- Creswell, J. W., Hanson, W. E., Clark Plano, V. L., & Morales, A. (2007). Qualitative Research Designs: Selection and Implementation. *The Counseling Psychologist*, 35(2), 236–264. <https://doi.org/10.1177/0011000006287390>
- Elo, S., Kaariainen, M., Kanste, O., Polkki, T., Utriainen, K., & Kyngas, H. (2014). Qualitative Content Analysis: A Focus on Trustworthiness. *SAGE Open*, 4(1), 2158244014522633-. <https://doi.org/10.1177/2158244014522633>
- English Oxford Dictionary. (2017). English Oxford Dictionary. Retrieved September 3, 2017, from <https://en.oxforddictionaries.com/definition/altruism>
- Gallarza, M. G., Arteaga-Moreno, F., Del Chiappa, G., & Gil-Saura, I. (2016). Intrinsic value dimensions and the value-satisfaction-loyalty chain: a causal model for services. *Journal of Services Marketing*, 30(2), 165–185. <https://doi.org/10.1108/JSM-07-2014-0241>
- Gallarza, M. G., Gil-Saura, I., & Holbrook, M. B. (2011). The value of value: Further excursions on the meaning and role of customer value. *Journal of Consumer*

- Behaviour*, 10, 171–191. <https://doi.org/10.1002/cb>
- Grönroos, C. (2008). Service logic revisited: who creates value? And who co-creates? *European Business Review*, 20(4), 298–314.
<https://doi.org/10.1108/09555340810886585>
- Guest, G., Bunce, A., & Johnson, L. (2006). How Many Interviews Are Enough? An Experiment with Data Saturation and Variability. *Family Health International*, 18(1), 59–82. <https://doi.org/10.1177/1525822X05279903>
- Gummerus, J. (2013). Value Creation Processes and Value Outcomes in Marketing Theory: Strangers or Siblings? *Marketing Theory*, 13(1), 19–46.
<https://doi.org/10.1177/1470593112467267>
- Harrigan, P., Soutar, G., Choudhury, M. M., & Lowe, M. (2015). Modelling CRM in a social media age. *Australasian Marketing Journal*, 23(1), 27–37.
<https://doi.org/10.1016/j.ausmj.2014.11.001>
- Heinonen, K., Strandvik, T., & Voima, P. (2013). Customer dominant value formation in service. *European Business Review*, 25(2), 104–123.
<https://doi.org/10.1108/09555341311302639>
- Howden, C., & Pressey, A. D. (2008). Customer value creation in professional service relationships: the case of credence goods. *The Service Industries Journal*, 28(6), 789–812. <https://doi.org/10.1080/02642060801990361>
- Kim, J., Kim, K. H., Garrett, T. C., & Jung, H. (2015). The contributions of firm innovativeness to customer value in purchasing behavior. *Journal of Product Innovation Management*, 32(2), 201–213. <https://doi.org/10.1111/jpim.12173>
- Kowalkowski, C. (2011). Dynamics of value propositions: insights from service-dominant logic. *European Journal of Marketing*, 45(1/2), 277–294.
<https://doi.org/10.1108/03090561111095702>
- KPMG. (2016). *Business Unusual: The South African Insurance Industry Survey*. Johannesburg.
- Lemon, K. N., & Verhoef, P. C. (2016). Understanding Customer Experience and the Customer Journey. *Journal of Marketing*, 80(JM-MSI Special Issue), 1–62.
<https://doi.org/http://dx.doi.org/10.1509/jm.15.0420>
- Malthouse, E. C., Haenlein, M., Skiera, B., Wege, E., & Zhang, M. (2013). Managing

- customer relationships in the social media era: Introducing the social CRM house. *Journal of Interactive Marketing*, 27(4), 270–280.
<https://doi.org/10.1016/j.intmar.2013.09.008>
- Martelo-Landroguez, S., Barroso-Castro, C., & Cepeda, G. (2015). The cycle of customer value: a model integrating customer and firm perspectives. *Journal of Business Economics and Management*, 16(2), 467–481.
<https://doi.org/10.3846/16111699.2013.770788>
- McCracken, G. (1988a). Introduction. In *The Long Interview* (pp. 9–11). SAGE Publications Inc. <https://doi.org/10.4135/9781412986229>
- McCracken, G. (1988b). Nine Key Issues. In *The Long Interview* (pp. 12–29). SAGE Publications Inc.
- McCracken, G. (1988c). The Four-Step Method of Inquiry. In *The Long Interview* (pp. 30–49). SAGE Publications Inc. <https://doi.org/10.4135/9781412986229.n3>
- Polkinghorne, D. E. (1989). Phenomenological Research Methods. In *Existential-Phenomenological Perspectives in Psychology* (pp. 41–60). Springer US.
https://doi.org/10.1007/978-1-4615-6989-3_3
- PWC. (2015). *Insurance 2020 & Beyond: Necessity is the mother of reinvention*.
<https://doi.org/10.1385/NI:3:1:011>
- PWC. (2016). *Insurance through challenging times: Insurance industry analysis. Insurance Industry Analysis*. Johannesburg. Retrieved from www.pwc.co.za/insurance
- Ruiz, D. M., Gremler, D. D., Washburn, J. H., & Carrión, G. C. (2008). Service value revisited: Specifying a higher-order, formative measure. *Journal of Business Research*, 61(12), 1278–1291. <https://doi.org/10.1016/j.jbusres.2008.01.015>
- Ruiz, D. M., Gremler, D. D., Washburn, J. H., Carrión, G. C., Gallarza, M. G., Arteaga-Moreno, F., ... Gil-Saura, I. (2016). Intrinsic value dimensions and the value-satisfaction-loyalty chain: a causal model for services. *Journal of Services Marketing*, 61(12), 1278–1291. <https://doi.org/10.1016/j.jbusres.2008.01.015>
- Sanchez-Fernandez, R., & Iniesta-Bonillo, M. A. (2007). The concept of perceived value: a systematic review of the research. *Marketing Theory*, 7(4), 427–451.
<https://doi.org/10.1177/1470593107083165>
- Sánchez-fernández, R., Iniesta-bonillo, M. Á., & Holbrook, M. B. (2009). The

- conceptualisation and measurement of consumer value in services, *51*(1), 91–112.
<https://doi.org/10.2501/S1470785308200328>
- Saunders, M., & Lewis, P. (2012). *Doing Research In Business & Management*. Essex: Prentice Hall.
- Skålén, P., Gummerus, J., von Koskull, C., & Magnusson, P. R. (2014). Exploring value propositions and service innovation: a service-dominant logic study. *Journal of the Academy of Marketing Science*, 1–22. <https://doi.org/10.1007/s11747-013-0365-2>
- South African Audience Research Foundation. (2016). South African Audience Research Foundation. Retrieved May 7, 2017, from <http://www.saarf.co.za>
- Statistics South Africa. (2014). *Recorded Live Births 2014. Statistics SA Statistical Release P0302*.
- Statistics South Africa. (2017). *Quarterly Employment Statistics*. Pretoria. Retrieved from <http://beta2.statssa.gov.za/publications/P0277/P0277March2014.pdf>
- Tiefenbacher, K., & Olbrich, S. (2015). Increasing the Level of Customer Orientation - A Big Data Case Study from Insurance Industry. *ECIS 2015 Research-in-Progress Papers*, 0–10. Retrieved from http://aisel.aisnet.org/ecis2015_rip/1
- Vargo, S. L., & Lusch, R. F. (2008). From goods to service(s): Divergences and convergences of logics. *Industrial Marketing Management*, *37*(3), 254–259.
<https://doi.org/10.1016/j.indmarman.2007.07.004>

APPENDIX A: Final Discussion Guide

Biographical Questions:

Age, gender and ethnicity:

Do you earn above R200 000 per annum gross?

Please tell me a bit about yourself and what you do?

Please tell me a bit about your family?

Grand Tour Questions (Open, General and Non-Directive Questions); Prompts to be used only if required:

Question 1: Tell me about life insurance.

PROMPTS: *What does it mean to you? Do you have it? Did you have it? What products? Why?*

Question 2: Tell me about life insurance providers?

PROMPTS: *You're experiences? Who are/were you insured with and why? What would make you switch?*

Question 3: What do you think of smaller start-up insurance companies, and disruption within this sphere?

PROMPTS: *Considerations? Pro's and Con's of a smaller and newer versus larger and more established providers? Would you buy insurance from a smaller and newer provider – Why/Why not?*

Question 4: Tell me about your thought process when choosing to buy life insurance?

PROMPTS: *Considerations? What elements are most important to you?*

Question 5: Tell me about Trust in the context of life insurance?

PROMPTS: *What does Trust mean to you? How important is Trust in this context? Do you currently Trust you're provider? What would increase/decrease this Trust?*

Planned Prompts (Topics I would like to explore if they are not raised during the interview):

- Are you married and do you have children?
- Do you consider life insurance valuable and important to you, and why or why not?
- What could improve your experience with life insurance providers?
- What are the most important aspects of a life insurance product to you?
 - Price
 - Ease of take up
 - Ease on maintenance
 - Product features
 - Brand and company with whom you are insured
 - Loyalty programs
 - Value added services
 - Trust
- Would the ability to take a product up digitally online make a difference to you when choosing a provider? Why or why not?
- What would a perfect life insurance product or provider look like?
- What are the alternatives to life insurance for you?
- Do you think that larger life insurance players are ready to be disrupted? Explain?

APPENDIX B: Informed Consent Letter

Dear Participant,

I am a student at the Gordon Institute of Business Science conducting research into perceived customer value in the life insurance industry. I am looking to interview people who currently have a life insurance product to understand what is valuable to them in the context of life insurance. You do not need any industry experience or in depth knowledge of life insurance products in order to partake in this study.

Our interview is expected to last about 1 hour and will help us to understand what is perceived as valuable in the context of life insurance by life insurance customers. It will also help us to understand the differences in perceived value between smaller start up life insurance firms, and larger more established life insurance firms.

Your participation is voluntary and you can withdraw at any time without penalty.

With this letter, you consent to participate in the interview, which will be recorded to allow for more accurate data capturing. All data will be kept confidential.

If you have any questions or concerns, please do not hesitate to contact myself or my supervisor at any time, as per the details provided below:

Researcher name:	Sarah Janks
Researcher email:	16391498@mygibs.co.za
Researcher phone:	074 930 1163

Supervisor name:	Kerry Chipp
Supervisor email:	chippk@gibs.co.za
Supervisor phone:	082 330 8759

Signature _____ of _____ participant:

Date: _____

Signature _____ of _____ researcher:

Date: _____

APPENDIX C: Initial Code Book Pre-Coding



Code Book 0: Deductive Codes Used Pre-Coding on Atlas.ti

Number of Codes: 45

Core Code Groups	Code Family	Code
Altruistic Value	Ethics	Altruistic Value - (Ethics)*
		Altruistic Value - Virtue
		Altruistic Value - Justice
		Altruistic Value - Morality
	Spirituality	Altruistic Value - (Spirituality)*
		Altruistic Value - Ecstasy
		Altruistic Value - Faith
		Altruistic Value - Magic
		Altruistic Value - Rapture
		Altruistic Value - Sacredness
Economic Value	Efficiency	Economic Value - (Efficiency)*
		Economic Value - Convenience
		Economic Value - Input
		Economic Value - Output
	Excellence	Economic Value - (Excellence)*
		Economic Value - Quality
Hedonic Value	Aesthetics	Hedonic Value - (Aesthetics)*
		Hedonic Value - Beauty
	Play	Hedonic Value - (Play)*
		Hedonic Value - Fun
Social Value	Esteem	Social Value - (Esteem)*
		Social Value - Materialism & Possessions

		Social Value - Reputation
	Status	Social Value - (Status)*
		Social Value - Impression Management
		Social Value - Success
Other Value	Trust	Other Value - (Trust)*
		Other Value - Trust - Meets Needs
		Other Value - Trust - Pricing
		Other Value - Trust - Solvency
		Other Value - Trust - Brand/Relationship
	Other Value	Other Value - *
Life Insurance Products/Providers	Life Insurance Products/Providers	Product Qualities
		Provider Qualities
		Established Providers/Products
		Disruptive Providers/Products
		Likely Disruption
		Unlikely Disruption
Purchase Influences	Purchase Influences	Pre-purchase
		Purchase
		Post-purchase
Key	Key	Negative Impact on Value
		Positive Impact on Value
		Quotable Quote
		Unknown Code *

APPENDIX D: Final Code Book Pre-Analysis



Final Code Book: Deductive Codes and *Inductive Codes

Number of Codes: 158

Core Code Group	Code Family	Code
Altruistic Value	Ethics	Altruistic Value - (Ethics)*
		Alturistic Value - Virtue
		Alturistic Value - Justice
		Alturistic Value - Morality
		*Alturistic - (Ethics) Value Alignment
	Spirituality	Alturistic Value - (Spirituality)*
		Alturistic Value - Ecstasy
		Alturistic Value - Faith
		Alturistic Value - Magic
		Alturistic Value - Rapture
		Alturistic Value - Sacredness
	Economic Value	Efficiency
Economic Value - Convenience		
Economic Value - Input		
Economic Value - Output		
*Economic Value - (Efficiency)Affordability		
*Economic Value - (Efficiency)What they get out		
Excellence		Economic Value - (Excellence)*
		Economic Value - Quality
Hedonic Value	Aesthetics	Hedonic Value - (Aesthetics)*
		Hedonic Value - Beauty
	Play	Hedonic Value - (Play)*
		Hedonic Value - Fun

Social Value	Esteem	Social Value - (Esteem)*
		Social Value - Materialism & Possessions
		Social Value - Reputation
	Status	Social Value - (Status)*
		Social Value - Impression Management
		Social Value - Success
		*Social Value - (Status) Started Earning
Other Value	Other Value - Trust	Other Value - (Trust)*
		Other Value - Trust - Meets Needs
		Other Value - Trust - Pricing
		Other Value - Trust - Solvency
		Other Value - Trust - Brand/Relationship
		*Other Value - (Trust) Expertise
		*Other Value - (Trust) Legitimacy
		*Other Value - (Trust) Track Record
		*Other Value - (Trust) Transparency
		Other Value - (Trust)
		*Other Value - Trust - Brand/Relationship
		*Other Value - Trust - Honesty
		*Other Value - Trust - Meets Needs
		*Other Value - Trust - Pays claim no questions asked
		*Other Value - Trust - Pricing
		*Other Value - Trust - Size
		*Other Value - Trust - Solvency
	*Other Value - Trust - Tenure	
	Other Value - Social	*Social Value – Everyone is doing it
	Other Value - Hedonic	*Other Value - (Hedonic) *
*Other Value - (Hedonic) Familiarity		
* Other Value - (Hedonic) Intuition		

		* Other Value - (Hedonic) Loyalty
		*Other Value - (Hedonic) Marketing
		*Other Value - (Hedonic) Peace of Mind
		*Other Value - (Hedonic) Phenomenological
		*Other Value -(Hedonic) Fear
		Other Value - (Hedonic)
	Other Value Economic	*Other Value - (Economic) Access to Information
		*Other Value - (Economic) Cash Back
		*Other Value - (Economic) Loyalty
		*Other Value - (Economic) Opportunity Cost
	Other Value	Other Value - *
		*Other Value - Access to something else
		*Other Value - Advice
		*Other Value - Alternatives
		*Other Value - Certainty
		*Other Value - Changing the Status Quo
		*Other Value - Comfort with technology
		*Other Value - Competition
		*Other Value - Contact/Care
		*Other Value - Context
		*Other Value - Context (Life stage)
		*Other Value - Customer Centric
		*Other Value - Customised/Choice
		*Other Value - Education/Awareness
		*Other Value - Engagement
		*Other Value - Fairness
		*Other Value - Focus
		*Other Value - Greed vs. Selflessness
		*Other Value - Innovation

		*Other Value - Integration	
		*Other Value - Market Readiness	
		*Other Value - Mobility/Switching	
		*Other Value - Necessity	
		*Other Value - Partnership	
		*Other Value - Personal Touch	
		*Other Value - Regulation	
		*Other Value - Relatability	
		*Other Value - Relevance	
		*Other Value - Responsibility	
		*Other Value - Rigour	
		*Other Value - Simplicity	
		*Other Value - Tangibility	
		*Other Value - Time	
		*Other Value - Wealth Creation	
		*Other Value - Context (Country/Environment)	
Life Insurance Products/Providers	Life Insurance Products/Providers	Product Qualities	
		Provider Qualities	
		Established Providers/Products	
		Disruptive Providers/Products	
		Likely Disruption	
		Unlikely Disruption	
		*Channel Impact	*Channel Impact - Brokers
			*Channel Impact - Call Centre
			*Channel Impact - Digital
	Purchase Influences	Purchase Influences	Pre-purchase
Purchase			
Post-purchase			
Key	Key	Negative Impact on Value	
		23:11	

		Positive Impact on Value
		Quotable Quote
		Unknown Code *
*Customer Behaviour	*Customer Behaviour	*Customer Behaviour - Feeling less immortal
		*Customer Behaviour - Big decision
		*Customer Behaviour - By word of mouth
		*Customer Behaviour - Complacency
		*Customer Behaviour - Control
		*Customer Behaviour - Cover brought by parents
		*Customer Behaviour - Covering Debt
		*Customer Behaviour - Dislike for existing insurance model
		*Customer Behaviour - Do it yourself
		*Customer Behaviour - Doing it for the sake of it
		*Customer Behaviour - Don't want to do it myself
		*Customer Behaviour - Eggs in one basket
		*Customer Behaviour - Family or familiar advisor
		*Customer Behaviour - First Mover
		*Customer Behaviour - Full Cover
		*Customer Behaviour - Generation Gap
		*Customer Behaviour - Group Cover
		*Customer Behaviour - Grudge Purchase
		*Customer Behaviour - Gut feel/intuition
		*Customer Behaviour - instant gratification
		*Customer Behaviour - Insurance as sold
		*Customer Behaviour - Investment over Insurance
		*Customer Behaviour - Lack of Knowledge

- *Customer Behaviour - Loyalty program needs to come free
- *Customer Behaviour - Minimal Contact
- *Customer Behaviour - Minimum Cover
- *Customer Behaviour - Mistrust
- *Customer Behaviour - Multiple Providers
- *Customer Behaviour - No life insurance
- *Customer Behaviour - No need for loyalty program
- *Customer Behaviour - No real alternatives
- *Customer Behaviour - No time
- *Customer Behaviour - Not first mover
- *Customer Behaviour - Playing Risk
- *Customer Behaviour - Proactive/research
- *Customer Behaviour - Protecting Family
- *Customer Behaviour - Regret
- *Customer Behaviour - Review
- *Customer Behaviour - Sceptical
- *Customer Behaviour - Self Employed
- *Customer Behaviour - Set Price based on affordability
- *Customer Behaviour - Stickiness
- *Customer Behaviour - Supporting extended family
- *Customer Behaviour - Switching providers
- *Customer Behaviour - Unsure of need
- *Customer Behaviour - Value influenced by experience
- *Customer Behaviour - Value influenced by perception over reality
- *Customer Behaviour - View changes
- *Customer Behaviour - Vulnerable moment

23:11

187

*Customer Behaviour - want reward/cover that suits current lifestyle

APPENDIX E: Ethical Clearance Letter

Gordon Institute of Business Science

University
of Pretoria

29 June 2017

Sarah Janks

Dear Sarah,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee