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**INFLUENCE OF DISTRIBUTION CHANNELS ON CONSUMER PURCHASE
BEHAVIOR IN THE LIFE INSURANCE INDUSTRY: A CASE OF BRITAM LIFE
ASSURANCE COMPANY KENYA**

STEVE K. B. MAGATI



**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION AT STRATHMORE UNIVERSITY**

DECEMBER 2020

DECLARATION

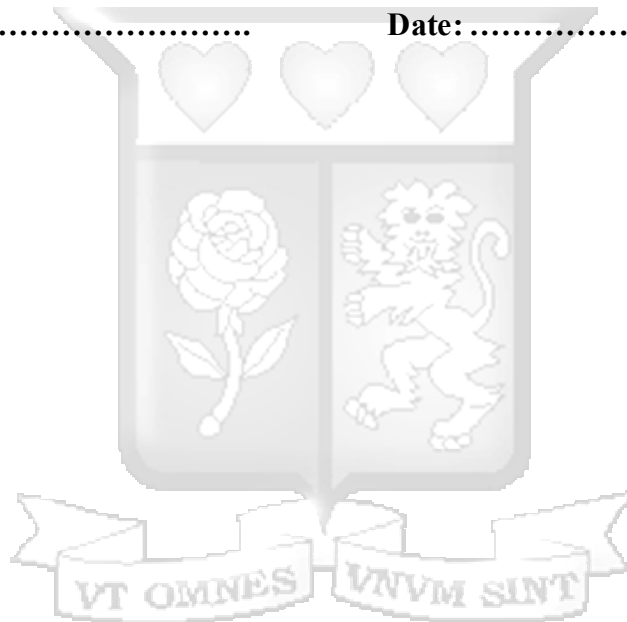
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Steve K. B. Magati

MBA/35328/18

Sign: **Date:**



Approval

This research project has been submitted for examination with my approval as the university supervisor:

Fredrick N. Oduori, PhD

Lecturer

Strathmore University

Sign:

Date:

ABSTRACT

Industry reports have shown that consumer dissatisfaction with the quality of service and product offering among insurance firms has been growing. This has been occasioned, in part, by the limited knowledge on the role of distribution channels towards consumer purchase behaviour within the life insurance firms in Kenya. This study sought to establish the effect of the various distribution channels adopted on life insurance consumer purchase behavior. The specific objectives of the study were determining the impact of; direct distribution channels, bank-led distribution channels, electronic distribution channels, and agency-led channels on consumer purchase behavior. The study adopted a descriptive research design. The population of the study was life insurance customers within Britam Insurance Limited. The sample respondents were 398 customers who were selected to participate in this study. The research utilized a structured questionnaire in the data collection with Google forms being used to administer the questionnaire. The collected data were screened and coded into SPSS version 25 for subsequent quantitative analysis. The study relied on descriptive analysis, correlational analysis, and regression analysis. This study utilized bar graphs, charts, and tables in the presentation of the results. The study achieved a 92% response rate, and the results indicate that most of the life insurance customers have had a policy for more than four years. The study noted a positive correlation between direct distribution channels, bank-led distribution channels, electronic distribution channels, and agency-led channels. The regression results indicate there is a positive and significant relationship between distribution channels and consumer purchase behavior within life insurance customers. The study concludes that direct-distribution channel, bank-led distribution channel, and agency-led distribution had a significant influence on consumer purchase behavior at Britam Life Assurance Kenya. The study concludes that electronic distribution channels did not have a significant influence on consumer purchase behavior at Britam Life Assurance Kenya. The study recommends that insurance firms should enhance the offering of services through widening the branch network, which can expand direct distribution. The study further recommends that insurance firms should foster partnerships and alliances with commercial banks to stimulate the demand for life products through commercial banks. Further, the study recommends that insurance firms should train and equip their agents with relevant practices and skills that can enhance their reliability and convenience in service offering.

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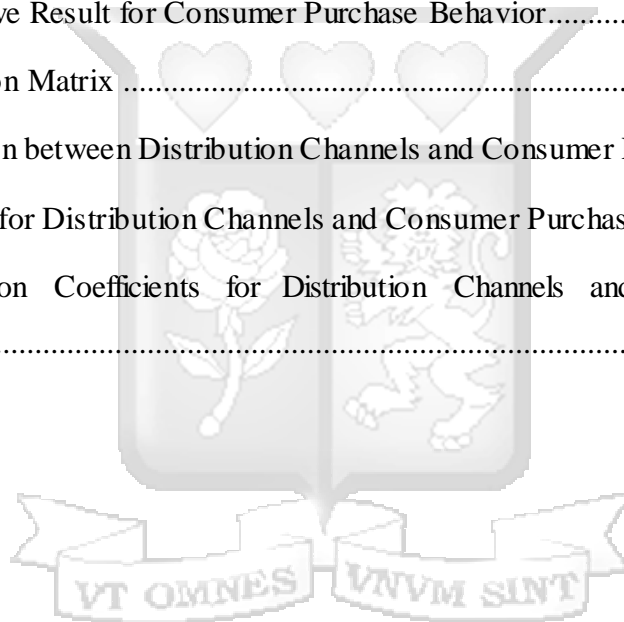
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ABBREVIATIONS AND ACRONYMS

AKI	Association of Kenya Insurers
ICT	Information Communication Technology
IRA	Insurance Regulatory Authority
NACOSTI	National Commission for Science Technology and Innovation
RDT	Resource Dependency Theory
SBS	Strathmore Business School
USD	United States Dollar



OPERATIONAL DEFINITION OF TERMS

Agency-led channel	This refers to the distribution channels where agents work as intermediaries between the customer and the firm (Muhammad, 2019)
Bank-led channels	This refers to the distribution of insurance products through banking institutions and their advisors (Mutua, Influence Of Distribution Strategies On The Uptake Of Micro-Insurance Products In Kenya., 2017)
Consumer Purchase Behavior	This refers to the consumer attitude, preferences, and intentions, as well as the decisions determining purchase intentions (Muhammad, 2019).
Direct-led channel	This refers to the direct sales of life insurance products by the insurance firms through direct branch-walk ins and tied agents (referred to in Kenya as financial advisors) (Waseem-Ul-Hameed, Ali, Nadeem, & Amjad, 2017).
Distribution channel	This the adopted chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer (Nyawiri & Muoni, 2015).
Electronic channels	This refers to the use of digital websites, online platforms, and other electronic media in the sale of insurance products (Kihanya, 2013)
Insurance	Insurance is taken to mean contractual agreement between two individuals or associations where one party in consideration of premiums paid assumes the risks of another party (Association of Kenya Insurers , 2015)
Insurance industry	Are the insurance firms and intermediaries like insurance brokers and insurance agents, risk managers, or loss adjusters who undertake to cover risks of the insured (IRA, 2013).
Life insurance products	The insurance covers taken to mitigate against life-related threats (Ernst & Young , 2016)

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In Kenya, the insurance industry plays a key role in economic development, contributing by providing financial security, mobilizing savings, and promoting direct and indirect investments. The industry also provides employment opportunities to numerous people through its marketing and distribution channels, including insurance brokers, agents, insurance investigators, insurance surveyors, loss assessors and adjusters, and risk managers, among others (Adesoga, 2016). Demand is driven by an increase in household savings, the purchasing power of the growing middle class, and a large working population. The insurance industry offers financial security to both life and property, thereby empowering individuals to make investments with mitigated risks. Festus (2011) notes that human beings face a variety of risks, and insurance is a cooperative endeavor where a large group of individuals agrees to take a share in the possible risks that others may incur in the future. Being the only industry that protects against unforeseen risks, the growth and development of the insurance industry is a matter of vital importance to all economies. While insurance does not stop the unforeseen risk, it acts as a cover against financial consequences (Cheserem, 2016). The stability of the insurance industry is paramount for the attainment of a country's economic goals (KPMG, 2018).

According to the Swiss Reinsurance (2018) report, the total premiums from advanced markets accounted for 78% in 2017, which was a 2% drop from the 2016 average of the world's insurance premiums. In the year 2017, an average of US\$3,517 was spent on insurance premiums per capita in the advanced markets. In 2017, the global insurance premiums written increased by 1.5% in real terms to \$4,892bn while life and non-life premium growth slowed compared to 2016, life premiums in advanced markets, which fell by 2.7% in 2017, were the primary cause of the drag on global growth. Non-life premium growth in developed markets remained roughly the same in 2017 at 19%. Conversely, the expansion in the emerging markets was 2-3% points lower at 14% and 6.1% in life and non-life, respectively (Swiss Reinsurance, 2018).

The insurance penetration in emerging markets in Europe, the Middle East, and Africa in 2018 stood at a measly 1.99%, while the global insurance penetration stood at 6.09% (KPMG, 2018). The same year saw only four countries in Africa realizing growth in insurance premiums, indicating a concern for low levels of growth in the industry. This slow growth was attributed

to the challenging economic and competitive environment. With the majority of Africans struggling to meet their basic needs, insurance is mostly considered a luxury (Ong'ong'a, 2014), resulting in the low levels of insurance penetration in Africa. In terms of insurance premiums paid per capita, Sub-Saharan Africa significantly lags behind the Asian economies of Thailand, India, and Vietnam. Collectively, the rebates are less than 3% of GDP (Ernst & Young, 2016). Life insurance premiums in Africa grew by 1.3% in 2018 (USD 46.3 billion from USD 44.9 billion), while non-life insurance recorded an insignificant growth rate.

The year 2018 saw Kenya's economy grow by 6.3%, an increase from 4.9% in 2017. The insurance industry in Kenya in the same period grew by 3.5%, reporting KES 216.26 billion growth from KES 209.00 billion in 2017. However, net profit from the industry fell significantly by 46.7%, indicating a problematic development. Further, while global insurance penetration stood at 6.1%, Kenya's penetration declined sharply to 2.4%, while the same year saw an increase in insurance spending, showing increasing demand for insurance, albeit a slow growth rate (Insurance Regulatory Authority, 2019). Slow penetration and growth rate is a result of a number of factors, including lack of trust in the industry, limited knowledge on its products, its limited reach to the informal sector, perception of the high cost of insurance products, and lack of financial stability to continually pay the insurance premiums. Lack of tax breaks to individuals and corporates, lack of tax incentives to life insurers, and the absence of active government involvement in mitigating calamities are among the challenges to insurance penetration (KPMG, 2018). Onduso (2014) noted that micro-insurance penetration is also impacted by a low level of income among the target market, poor market perception about the complexity of the insurance process, and limited distribution channels.

The Kenyan insurance industry has continually targeted customers mostly based on traditionally available products and services through traditional channels of distribution. However, a paradigm shift exists (Capgemini, 2016). Predictions of the new customer indicate that technological disruption is looming; companies need to start positioning themselves strategically. This has resulted in numerous insurance companies investing in their information communication technology (ICT) infrastructure beyond the legacy systems to enhance their distribution channels (Clipici & Bolovan, 2012). According to the Association of Kenya Insurers (2015), the growing money market and smartphone penetration is an innovation pusher for the insurance industry. This investment is expected to have a significant impact on insurance companies' financials, yet the return on investment is yet to be felt and appreciated. Establishing proper communication of insurance benefits to the society, proper marketing,

product development, and customer outreach programs are among the most influential ways of improving life insurance penetration in Kenya (Insurance Annual Review, 2018).

1.1.1 Distribution Channels

There are continuous technological, operational, and environmental changes over the last decade, and these have led to the development and introduction of multiple distribution channels (Nyawiri & Muoni, 2015). The American Marketing Association defines distribution channels as organized networks of agencies and institutions that work in unison to link a customer to products or services. Chen (2017) argues that changes in the operating environment determine the distribution channels that a firm will adopt, further noting that there exists no ideal distribution channel for all products. The distribution channels are, instead, adopted after an extensive assessment of customer needs. Insurance companies have, in the past, used different channels such as sales agents, insurance brokerage firms, and marketing of insurance companies, which need immense distribution strength and human resources to reach a vast customer base (Clipici & Bolovan, 2012). The insurance industry in Kenya is embracing technological innovations in the development and distribution of insurance products at a fast rate due to their influence on costs and efficiency. Additionally, new amendments on direct payment of premiums to insurers are likely to increase the stability and liquidity of insurance companies and enhance claim payment (Ngunjiri & Ragui, 2020).

Insurance in Kenya is mainly sourced through agents, brokers, or directly by insurance companies. Establishing an effective and efficient distribution channel is crucial for the survival and sales performance of every organization. It helps to maximize sales and improves profitability (Hooley, Piercy, & Nicoulaud, 2008). Identifying and selecting the optimal distribution channel is one of the crucial decisions in marketing, and it has a vital impact on the success of the organization. Delivery of the product/service to the final consumer in the right place at the right time outweighs all other efforts in marketing (Zikmund & D'Amico, 2010). Unfortunately, many organizations fail to establish or maintain the most effective distribution strategies (Amato & Amato, 2009).

Zikmund and D'Amico (2010) describe the distribution channel as a system that helps to bring products of the producer to the final consumer. Distribution channels are used by the firm to ensure that products and services are delivered at the right time at the right and convenient place. The channel of distribution involves intermediaries who aid the firm to distribute its

products and services to the final consumer. Companies use distribution channels to ensure that their product will reach customers at the right time and convenient location (Amato & Amato, 2009). Distribution channels are determined by distribution strategies, which are concerned with how goods and services are made available to customers. Most companies look for the cheapest ways to ensure value is generated to customers at the lowest cost, considering customer demands and preferences (Mutua, 2017). Dominique-Ferreira (2018) noted that intermediaries are influential figures in retail insurance distribution channels, having a significant effect on customer awareness, customer satisfaction, claims management, and premium sales.

Alexander (2014) indicates that life insurance firms rely on a variety of distribution channels in reaching out to their customers. The main channels at their discretion, including but not limited to an independent agency, bank-led channels, direct distribution channels, and electronic media as well as social networking sites. Venza (2013) indicates that electronic channels are guided by the use of online communication channels to facilitate the buying and selling of insurance products. Kaseve (2015) posits that direct distribution channels rely on insurance firms selling directly to their clients without the involvement of intermediaries.

Conversely, Ng'aru (2014) notes that agency-led distribution channels rely on agents and insurance brokers as intermediaries between members of the public and insurance firms. Luang (2016) further indicates that commercial banks have combined with insurance firms to create strategic alliances that have led to the emergence of bancassurance led channels as key to the distribution of life insurance products. Insurance Regulatory Authority (IRA) (2017) indicates that the majority of the insurance cover in the country is sourced from agents, brokers, or directly through the firms. From the 2017 AKI report, 39.3% of the industry premiums were sourced from insurance agents, 33.5% were through insurance brokers, while 27.2% of the premiums were sourced through direct-distribution channels. The AKI report (2017) indicates that non-life insurance accounts for 60% of the total premiums, while life insurance accounted for 40% of the total premiums, which was a 13.2% growth from the 2016 posting.

Singh, Chakraborty, and Raju (2011) noted that the choice of the distribution channel and introduction of emerging technologies had enhanced the marketing of life insurance products in India. Singh (2015) indicates that there is a positive contribution of bancassurance towards consumer responsiveness and satisfaction. Ombonya (2013) reported that bancassurance had increased the uptake of insurance products by increasing distribution channels, attracting new

customers while increasing the rate of customer retention and has increased confidence in insurance products since people trust their banks more than traditional agency methods. Further, he noted that insurance firms gain a competitive advantage by tapping into existing bank customer's databases, well-trained staff, and innovative marketing channels such as e-marketing. Epetimehin (2011) notes that there is a positive association between market segmentation, distribution, and insurance satisfaction level. Odemba (2013) indicated that agency distribution, improving direct sales, and enhancing consumer purchase behavior is key to life insurance uptake.

Direct distribution channels involve direct contact between the insurer and the client. The insurer has direct control of how to develop, market, and sell insurance products. Chen & Chang (2010) note that direct distribution channels are more influential than non-direct distribution channels. According to Choudhury (2015), direct distribution channels are preferred by insurance companies since they enable the personalization of insurance products, thus generating customer awareness.

Bank-led distribution channel is also referred to as bancassurance and describes a package that is designed to fulfill a client's banking and insurance needs (Chen T. J., 2017). Amici et al. (2013) note that the insurance companies, through banks, offer insurance products, resulting in the building of a strong relationship between the banks and insurance companies. Bank-led channels are beneficial to both the bank and the insurance companies in that banks are able to create new integrated insurance products to enhance customer satisfaction while insurance firms benefit by having access to a portfolio of retail and company clients, having access to the bank's infrastructure and a new distribution channel. Slijkerman, Schoenmaker, and de Vries (2013) posit that a partnership between banks and insurance companies results in reduced systemic risk and connects retailers and clients with the mutual goal of enhancing customer dynamics and customer experience (Ahmadinia, Karim, & Ofori, 2015).

Electronic distribution channel involves the use of technology to make contact with the client. It involves the use of the internet and mass media, and online presence to generate interest from customers and businesses within the market (Dumm & Hoyt, 2003). Kitua (2009) notes that this form of distribution is effective since it has the capability to reach a wide range of clientele from wide geographic locations faster and at relatively low costs. Mau, Cvijikj, and Wagner (2015) notes that internet ambiguity and reduced costs of interactions between seller and buyer are the main drivers for the popularity of electronic channels. According to Odenyo (2018),

internet marketing is the most important form of distribution channel since it supports multiple marketing channels, including sales agents and insurance products. However, Mau, Cvijikj, and Wagner (2015) posit that this form of distribution has not yet been fully exploited in the developing economies due to a lack of adequate technological resources and regulating policies.

Agency-led distribution is the use of agents to sell insurance products. It is the oldest distribution channel and was used in the early days of insurance development as the main method of marketing insurance products. Kaguri (2013) notes that the presentation of the agent was the main determinant of client purchase intention. According to a study by Onduso (2014), agency-led channels requires direct contact and relationship building between the agent and customer to influence purchasing behavior, making it time-consuming and costly. Agency-led distribution has developed and has incorporated other distribution channels to increase access to customers and to enhance the customer experience.

1.1.2 Consumer Purchase Behavior

Consumer research plays a crucial role in understanding the consumer's value system and behavior. A consumer's purchase behavior is their response to purchase a demand caused by a certain motivation. It is, therefore, a product of demand and motivation to fulfill a particular need or desire (Mbugua, 2014). Kihagi (2015) argues that consumer behavior is based on the study of individuals' process of selecting and using products, services, or experiences to satisfy their needs and those of society as a whole. It encompasses psychology, sociology, marketing, economics, and social anthropology is to understand the factors that drive a consumer's decision-making. According to Hoyer, McInnis, and Pieters (2012), it helps marketers develop product-specific plans, market segmentation, targeting, and positioning strategies that aid in making decisions on the components of their marketing mix such value to the consumer. According to Kotler and Keller (2015), consumer behavior is a complex, multidimensional process because it is not easy to predict the consumers' mindset regarding purchasing decisions accurately. The truth is that purchase behavior is complex and multifaceted (Lancaster & Massingham, 2018).

Purchase decisions often involve numerous steps and are influenced by a host of factors, including demographics, lifestyle, and cultural values. These decisions are further complicated when the needs and wants of multiple individuals or groups are taken into consideration (Hawa, 2015). According to Hollensen (2014), buying behavior is strongly influenced by

psychological and personal characteristics that vary across individual consumers. The customer performs three roles, the user, payer, and purchaser. Information and social pressures received from other people tend to both consciously and subconsciously change consumers' wants, needs, evaluations, and preferences for various products and services. Kim, Kim, Garrett, and Jung (2015) notes that in some countries, the values of large groups have completely impacted how certain businesses function since community values have a significant effect on consumption habits. Understanding purchasing behavior is key to customer retention, customer relationship management, and promotes product and service personalization (Kihagi, 2015). To navigate the complexities of consumer behavior and gain commercial success, marketing strategists should have an understanding of the critical concepts and theoretical frameworks on consumer behavior. Consumers belong to several groups, share their cultural values and beliefs, and use their symbols to communicate group membership (Hoyer, MacInnis, & Pieters, 2012). The authors also postulate that family and social class influences have a strong bearing on consumer behavior, as are each individual's values, personality, and lifestyles. Each aspect of the marketing and cultural stimuli combined with the psychological core influence the consumer decision-making process, which involves: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior (Lubis, Kumar, Ikbar, & Muneer, 2015). The marketer's task is to understand what happens in the consumer's consciousness between the arrival of the outside marketing stimuli and the ultimate purchase decisions (Kangal, 2013). The research relied on qualitative metrics (purchase decision and post-purchase decisions) to assess the level of consumer purchase behavior within Britam Life Assurance.

1.1.3 Relationship between Distribution Channels and Customer Purchasing Behavior

Purchase intentions are a behavioral tendency towards intent to use and re-use products and services from a particular organization, often involving numerous steps that are influenced by a host of factors, including demographics, lifestyle, and cultural values (Mohamed & Alhabshi, 2015). Customer perception is significantly influenced by a customer's perception of the quality of a product. Purchase intentions are spontaneously directed to purchasing behavior. Marketing of insurance products is carried out through distribution channels (Clipici & Bolovan, 2012), making them the point of access to clients. Technological developments and intense competition has driven the demand for quality service and product offering from customers. Insurance companies are making use of distribution channels as a source of

competitive advantage having noted its influence of customer re-purchase behavior (Kihanya, 2013).

Pahwa and Gupta (2019) note that purchase decisions of any product are determined by the perception of the customer, their preferences, the marketing strategies of the companies and the distribution channels. The quality of distribution channels significantly influences customer satisfaction, shapes customer perception and hence has a direct impact on customer purchasing behavior (Lancaster & Massingham, 2018). Shetty and Basri (2017) posit that behavioral intentions are determined by the customer's attitude, subjective norm and perceived behavioral control. Mathur and Tripathi (2014) concluded that distribution channels have a significant role in determining the choice of insurer and insurance by customers. This study seeks to determine how various distribution channels influence customer purchase decisions of life insurance at Britam Insurance.

1.1.4 Life Insurance Industry

Generally, insurance entails protection against the financial consequences and provides security against unexpected risks or events (Papis-Almansa, 2017). Insurance is usually categorized into General Insurance, which is related to insurance covers for property and Life Insurance (or Assurance), which is similar to insurance covers of the actual life of the insured. Life insurance is aimed at protecting against both current and future risks (Emamgholipour, Arab, & Mohajezadeh, 2017). This means an individual (insured) will take out a policy to insure himself or herself against death or permanent disability for a certain amount of money by paying premiums or contributions worth a value less than the policy amount. Matul, McCord, Phily, and Harms (2010) report that only 2.6% of the African population have an active insurance cover. If the governments, donors, and other key stakeholders ought to alleviate poverty, then insurance can be utilized as one of the best weapons (Churchill, 2007). (Association of Kenya Insurers, 2015)

According to the Association of Kenya Insurers (2017), the insurance industry in Kenya had 25 companies in the non-life (general) business, 14 in the life insurance business, and 12, which were composite, meaning they wrote both life and non-life business. Kenya still lags behind major countries in the world and on the continent as far as industrial development is concerned. This is particularly true for life insurance. According to the AKI Industry report (2017), some of the general reasons that have contributed to the sluggish industry growth include low-income levels, lack of knowledge on the importance of insurance, less extensive distribution networks,

and distrust by the general population for protection (Association of Kenya Insurers, 2017). IRA (2018) indicates that life insurance premiums in Africa grew marginally by 0.3% to stand at USD 44.9 billion. The report shows that policyholders in South Africa control 85 % of the life insurance business in Africa.

Britam Life Assurance is one of the leading players in the life insurance industry in Kenya. The firm controls 22.10% of the life insurance industry hence was deemed adequate for the scope of the study. The table below show that most of the insurance firm’s purchases are through financial advisors who have accounted for a revenue share of 73% in 2018, which was a drop from 77% in 2016. The data also indicates that direct insurance sales contribute to minimal revenue generation with a range of 0%-1% share of the revenue. The table below shows the changes in the revenue distribution across various channels showing their contribution to life insurance within Britam Kenya.

Table 1.1 Revenue Distribution Britam Life Assurance Ltd

Channel	2018	2017	2016
Brokers and Independent Financial Advisors	15%	19%	16%
Financial Advisors (Tied agents)	73%	74%	77%
Electronic	1%	0%	1%
Bancassurance	11%	7%	6%
Total revenue	100%	100%	100%

Source: Britam Life Assurance (2019)

1.2 Statement of the Problem

There has been an irregular trend in insurance firm’s performance, with some prospering and others like United insurance and Blue Shield collapsing in recent years (Kipkurgat, 2018). The negative perception of the insurance industry goes back to colonial times when insurance was selectively introduced to the commercial class. This has since impacted the target market for insurance companies and has negatively impacted the potential customer’s perception of the industry, leading to a slow rate of growth and penetration of the industry in Kenya (Linge & Sikalieh, 2019). Ouma, Kimani, and Githui (2018) noted that life insurance firms in Kenya had faced increasing competition for market share, which has seen most firms increase their investment towards better distribution channels. Mathur and Tripathi (2014), in examining

customer choice in insurance firms, indicate that distribution channels have a significant role in determining insurance customer choice.

Kiragu (2014) investigated the challenges facing insurance companies in building sustainable competitive advantage, includes a lack of government support, training, and poorly developed insurance channels. Kihagi (2013) investigated the influence of marketing strategies on purchase behavior in the insurance industry, while Maina (2011) assessed the determinants of customer satisfaction in the life insurance industry in Kenya. According to Ong'ong'a (2014), the Kenyan insurance industry lacks adequate products to satisfy the requirements of a generation exposed to digital technology from an early age. This generation is characterized by a high reliance on technology-based services, convenience, transparency, speed, regular engagement, and personalized experience. These expectations are a challenge to the insurance industry.

According to IRA (2013), customer dissatisfaction is a concern in the industry; the level of customer service quality is the lowest growth driver at 7%. For a company to compete successfully and survive in this sector, it must manage its operations well, offer high quality of service to ensure increased purchase decisions. IRA (2018) indicates that life insurance grew at a rate of 5.3% as compared to general insurance, which grew at 3.5%; however, there is limited evidence on how distribution channels impact growth within the industry. Empirical studies by Waseem-Ul-Hameed, Ali, Nadeem, and Amjad (2017) studied the role of distribution channels on Takaful insurance and indicates that distribution channels are vital to improving awareness and reliability in Takaful insurance. Kathanga, Awino, and Kabiru (2016) examined the challenges to insurance growth in Kenya and notes that lack of knowledge, increased competition, and distribution challenges limited growth. Mbogo and Ashika (2011) note that increased competition has driven a bulk of the competitors to adopt pricing strategies, which in the long term, could prove disadvantageous. Abongo, Senaji, and Mutinda (2018) argue that the lack of adequate policy guidelines also limits the successful application of pricing strategies among insurance firms in the country.

Njuguna and Arunga (2013), in their study, reported that diseconomies of scale, associated risks, the inadequacy of the distribution channels, and unfavorable regulations negatively impact insurance penetration. Studies show that distribution channels are positively related to product uptake (Cheserem (2016), Kamiru (2016), and Mutua (2017)). Njuguna and Arunga (2013) noted that insurance firms in Kenya are often limited by insufficient government support, lack of

affordable distribution channels that can access low-income earners. The above studies refer to challenges impacting insurance penetration and the various strategies adopted by the firms to attract and retain customers. However, none of them explicitly assess the influence of distribution channels on life insurance uptake. This study seeks to fill this gap by focussing on how these channels influence life insurance uptake by customers at Britam Life Assurance Limited.

1.3 Objectives of the Study

The primary purpose of the study was to examine the influence of distribution channels on consumer purchase behavior at Britam Life Assurance Kenya.

1.3.1 Specific Objectives

- i. To determine the effect of a direct distribution channel on consumer purchase behavior at Britam Life Assurance Ltd.
- ii. To examine the influence of bank-led distribution channel on the consumer purchase behavior at Britam Life Assurance Ltd.
- iii. To determine the effect of electronic distribution channels on consumer purchase behavior at Britam Life Assurance Ltd.
- iv. To examine the effect of agency-led distribution channel on the consumer purchase behavior at Britam Life Assurance Ltd.

1.4 Research Questions

- i. What is the effect of direct distribution channels on consumer purchase behavior at Britam Life Assurance?
- ii. How does the bank-led distribution channel influence consumer purchase behavior at Britam Life Assurance?
- iii. What is the effect of electronic distribution channels on consumer purchase behavior at Britam Life Assurance?
- iv. What is the effect of an agency-led distribution channel on the consumer purchase behavior at Britam Life Assurance?

1.5 Significance of the Study

The result of the research are expected to be beneficial to several stakeholders within the insurance industry in terms of policy and practice. The study findings are expected to foster policy formulation within the insurance regulatory authority by offering insights that can help in shaping policy guidelines that can help life insurance firms in selecting distribution channels. The findings of the study are also expected to foster managerial practice within the life

insurance firms in decision making concerning the evaluation of their distribution channels and encouraging consumer purchase behavior. The results of the research are also expected to enhance the available empirical evidence and foster the reference material for future academicians and scholars.

1.6 Scope of the Study

The study's geographical scope was limited to the examination of the Britam Life Assurance company in Kenya. The contextual scope of the study focussed on the various distribution channels that were adopted by life insurance firms, whereas consumer purchase behavior was measured using qualitative measures. The sample scope for the study was focused on the life insurance customer list drawn from Britam Life Assurance. The research scope further was limited to a quantitative research methodology.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review on the theories that anchored the study, the review of the empirical literature, a summary of the research gaps, and the conceptual framework depicting the hypothesized interaction of the variables.

2.2 Theoretical Review

The following section discusses two theories: the resource dependency theory and the theory of planned behavior. It highlights the link between the theories and their relevance to the study.

2.2.1 Resource Dependency Theory

Pfeffer and Salancik (1978) originally developed Resource Dependency theory, which has been used to study and explain the impact of the surroundings on organizational relations (Delke, 2015). According to Drees and Heugens (2013), firms establish formal and semiformal links with other firms to reduce uncertainty and manage dependence, which is made possible by structuring their exchange relationships. Sharif and Yeoh (2014) explained that RDT serves an essential role in explaining actions taken by firms, such as the formation of alliances, mergers and acquisitions, joint ventures, and interlocks as they strive to improve organizational legitimacy and autonomy and overcome dependencies. Within a distribution chain, forming closer long-term relationships with partners, such as key or lead distributors, can be regarded as an option of reducing uncertainty and enhancing consumer purchasing decisions (Ponomarov, 2012).

Resource Dependence Theory, therefore, views inter-firm governance as a strategic move in responding to conditions of uncertainty and dependence building (Drees & Heugens, 2013). Amy, Michael, and Brian (2009) argued that RDT was brought about based on firms' dependency on the environment for resources where they were forced to enact strategies that would allow them to acquire the resources. The resource dependency theory is applied in various aspects of crucial decision-making processes in the distribution channel, such as make or buys decisions, sourcing strategies, distributor selections, long-term contracts, and strategic business partnerships (Malatesta & Smith, 2014).

Resource dependency theory is a useful theoretical foundation that explains distribution management decisions (Vos & Schiele, 2014). This theory is, therefore, helpful to managers in

the life insurance industry in Kenya for developing relationship strategies that ensure better distribution channels, which would significantly impact consumer purchasing behavior. The theory was integral in this research in examining how the development of bank-led and agency-led distribution channels can be relied upon by life insurance firms towards enhancing their consumer purchase behavior.

2.2.2 Theory of Planned Behavior

Numerous theories and models have been used to explain and predict consumer behavior (Kempen, Kasambala, & Toerien, 2015; Hansen, Jensen, & Solgaard, 2004). One of the critical predictive theories is the theory of planned behavior, as proposed by Ajzen (Ajzen, 1991). The theory of planned behavior suggests the notion that both the subjective norm and attitudes affect intentions (Kempen, Kasambala, & Toerien, 2015). The subjective standard is a social factor referring to the perceived social pressure to perform or not to perform a given behavior (Ajzen, 1991).

Ham, Jeger, and Freimann (2015) defined the subjective norm concept as the belief that an important person or group of people will approve and support a particular behavior. Norms have the capacity to influence human behavior because they make clear behaviors that are expected of us by those in our social world (Muia, Cheruiyot, & Lagat, 2018). Kotler and Keller (2006) express the need to understand consumer behavior by investigating what may influence consumer purchase behavior. Their interest extends to the impact needed to motivate a consumer to return and make another purchase. The stronger the behavioral intention of an individual, the more likely they are to execute the behavior (Kempen, Kasambala, & Toerien, 2015). (Ikeda, Martins, & Campomar, 2017)

This behavioral intention of a consumer is a powerful predictor of actual behavior (To, Liao, & Lin, 2007). According to George (2004), planned behavior directly affects purchase behavior. Behavioral intention measures the strength of the intended effort to perform a specific behavior. According to Ikeda, Martins, and Campomar (2017), the perceived behavioral control component refers to how confident and safe consumers feel towards executing a certain behavior. The theory of planned behavior is a significant aspect of consumer behavior in general but also forms part of purchase intentions. Consumers might feel the urge to return to purchase more products and services once the original purchase was considered a success; in other words, their expectations were either met or exceeded. When expectations are met or exceeded, the outcome is usually satisfaction and positive purchase behavior. Hence the theory

of planned behavior was integral in examining consumer purchase behavior within life insurance firms in Kenya.

2.3 Empirical Review

The empirical review of literature is concerned with an examination of previous empirical literature and identification of the various gaps that the research sought to fill.

2.3.1 Direct Distribution Channel and Consumer Purchase Behavior

Yu and Tseng (2016) conducted research on the role of salespeople in developing life insurance customer loyalty. The study relied on qualitative data collected from customers of life insurance using in-depth interviews and questionnaires. The study further adopted structural equation modeling in testing the research hypothesis. The results indicate that the salesperson characteristics and their relational selling behavior were positively associated with customer loyalty. The study was limited only to customer loyalty, while current research examined consumer purchase behavior in the Kenyan context.

Mursid (2018) studied the buying decision in the marketing of Sharia life insurance with data evidence being drawn from Indonesia insurance firms. The study purposively sampled Sharia life insurance policyholders from four cities in Indonesia and relied on structural equation modeling. The results of the research show that word of mouth, customer trust, and satisfaction with the service were key predictors of customer buying decisions of life insurance. The research was, however, conducted in Indonesia, while the current study considered a case study of Britam Life Assurance in Kenya.

Sukpaiboonwat (2018) conducted an analysis of the sales channels on annuity life insurance in Thailand. The study adopted a qualitative and quantitative approach, with both primary and secondary data being utilized. The results of the analysis indicate that agency distribution channels were the first ranked channel in directing annuity performance in the life insurance firms. The study indicates that the after-sale services, the personality of the agents, and utilization of the agent's knowledge improved the competition behavior in the life insurance firms. The research, however, did not focus on consumer purchase behavior.

Nebo and Okolo (2016) studied the effects of strategies for customer satisfaction on the performance of insurance firms in Enugu Metropolis. The study adopted a survey research design, with 49 listed insurance firms being considered in the research. The results of the research indicate that claims settlement, timely solving of customer complaints, quality assurance, and communication of policy renewal details positively fostered customer

satisfaction, which was a predictor of firm performance. The study, however, did not examine consumer purchase behavior within life insurance firms.

Idris, Asokere, Ajemunigbohun, Oreshile, and Olutade (2012) conducted an empirical study of the efficacy of marketing communication mix elements in selected insurance companies in Nigeria. The research relied on both primary data collected through quantitative questionnaires from 49 insurance firms. The results of the study indicate that direct marketing is considered a key predictor for sales promotion. Findings further show that the improvement of delivery services, sales sponsorship, personal selling, and personal interaction with the customers positively influenced brand loyalty and purchase intentions. The study was, however, limited to the Nigerian life insurance industry. The scope of the current research is the Kenyan life insurance industry.

2.3.2 Bank-Led Distribution Channel and Consumer Purchase Behavior

Hong and Lee (2014) examined Bancassurance in East Asia and its effect on customers' cross-buying behavior. The study adopted a qualitative review of 13 managers in South Korea and Taiwan insurance firms. The results of the research indicate that perceived value, trust, image, and satisfaction were key determinants of cross-buying intentions of bancassurance. The study also indicates that collectivism can differ across cultures, thus limiting buying behavior. The study relied on qualitative review, while the current study adopted a quantitative methodology.

Jayswal and Brahmhatt (2013) explored the impact of post-purchase services by bancassurance on first-year policy lapse rates in life insurance selling in India. The study conducted a survey research design with respondents being selected from banks and insurance firms in the Gujarat district. The collected data were analyzed using factor analysis and multiple regression. The study found that bancassurance distribution channels were positively related to post-purchase intentions. The research also indicates that exceptional and revival services positively impact the first-year lapse rate of life insurance firms. The study was conducted within the Indian context, while current research focuses on Kenyan life insurance firms.

Singh and Choudhury (2017) measured the customers' perception in the bancassurance channel using a psychometric scale. The study focused on attributes of bancassurance such as compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy using structured questionnaires. The results of the analysis indicate that customers have a favorable perception of bancassurance with regard to reliability, responsiveness, empathy, and assurance. The results further indicate that customers perceive that the bank's infrastructure is adequate

for the provision of insurance services; however, there is moderate compliance with insurance regulations in the Indian market. The study, however, does not examine how bank-led distribution affects consumer purchase behavior.

Kamiru (2016) conducted research on the effect of distribution channels on insurance penetration in Kenya. The study adopted descriptive research focusing on the 51 underwriting managers from all insurance firms in Kenya. The study collected data using a semi-structured questionnaire. The study concludes that intermediary channels are very important in enabling insurance companies to widen their market through market penetration due to customer demand. The study focused on penetration rates, while current research examines consumer purchase behavior.

Naserian and Justus (2019) examined the effect of life bancassurance on the traditional distribution channels of insurance companies in Kenya. The study focused on how insurance is seeking to drive sales and customer convenience while maintaining its operational costs and profitability. The study adopted descriptive research, and 55 marketing managers were sampled for the study. The results of the analysis indicate that there is a significant link between life bancassurance and the traditional distribution channels through brokers, agents, and direct market remain the key distribution channels for life insurance products. The study notes that despite bancassurance being in the teething stage, there is an increase in usage of bancassurance in the uptake of unit-linked policies, group life policies, and term policies within the insurance industry. The current study, however, sought to establish the link between bank-led distribution and consumer purchase behavior of life insurance customers.

2.3.3 Electronic Distribution Channel and Consumer Purchase Behavior

Narwal and Sachdeva (2013) examined the impact of information technology (IT) on consumer purchase behavior. The study adopted a survey questionnaire in the data collection from 200 customers and relied on ANOVA and factor analysis in the data analysis. The findings indicate that customers have a positive image of the use of IT while making a purchase. The results further show that IT distribution factors such as ease of use, timely delivery, effective buying decision, cost savings, and maintaining records were all positively correlated with consumer purchase behavior. The study was, however, not limited to life insurance firms, which is the scope of the current research.

Zhu, Lai, and Tsay (2016) examined the factors influencing the repurchasing intention of bank insurance in Taiwan. The study adopted a survey research design with survey questionnaires

being administered in the data collection. The research relied on both correlation and regression analysis. The results indicated that corporate image, interactive quality, promotional activities, and bank specialists positively influenced the repurchase intention in Taiwan bank insurance. The study was conducted in Taiwan, while current research focussed on life insurance firms in Kenya.

Muhammad (2019) conducted an empirical analysis of the marketing mix in the life insurance industry to purchase decisions for life insurance products. The study conducted a stratified sampling of Indonesian residents with questionnaires being utilized in the data collection. The results of the analysis indicate that the use of electronic channels in the selection of the product marketing mix, price, place, promotion, people, and process positively influences the purchase decision of life insurance. The study, however, was conducted in Indonesia while current research focuses on the Kenyan life insurance market.

Ghaleno, Zavareh, and Bahrami (2016) examined the effect of mobile marketing on customer-oriented brand equity in the insurance industry. The study sampled 384 insurance customers in Iran, with data being collected using structured questionnaires. The results of the regression analysis indicate that the mobile marketing of insurance products has a positive effect on awareness, association, and perceived quality. The study further indicates that mobile customer relationship management positively improved customer loyalty and repurchase decisions. The study focused on the Iranian insurance industry, while the current study focuses on life insurance in Kenya.

Isimoya, Ajemunigbohun, and Balogun (2018) examined customers' satisfaction with electronic payment systems in the purchase of insurance products in Nigeria. The research utilized a descriptive research design, with data being drawn from 278 participants. The study employed regression analysis, and the results indicate that there is a low level of satisfaction in customer usage of electronic payment systems. The study further shows that customers were delighted with the delivery of their claim's settlement through electronic modes. The study indicates that, in general, the utilization of electronic channels has a positive effect on customer satisfaction. The study focuses on satisfaction in the Nigerian insurance industry, while current research examines life insurance consumer purchase behavior in Kenya.

Kihanya (2013) examined the effects of integrated marketing communication on business performance within Kenya Orient Insurance Limited. The study adopted a descriptive research design and collected research data from personnel within the firm. The data collected were

analyzed using correlation and regression analysis. The study indicates that advertising of insurance services through media channels, social media, and other digital platforms was key to enhancing the brand position of the firm. The study indicates that the use of electronic channels is positively correlated with the performance of insurance firms. The study looks at the performance of the firm, while current research examines consumer purchase behavior.

2.3.4 Agency-Led Distribution Channel and Consumer Purchase Behavior

Pahwa and Gupta (2019) conducted an examination of the factors influencing the purchase decision of health insurance policies. The research conducted a descriptive research design with data being collected from 500 marketing executives using structured questionnaires. The results of the factor analysis indicate that agency distribution channels are key determinants of purchase decisions of health insurance policies. The study also indicates that the marketing force and the effectiveness of the marketing team are key predictors of purchase decisions. The research, however, was not focused on the Kenyan life insurance industry.

Mohamed and Alhabshi (2015) examined the factors influencing the penetration rate of the Malaysian takāful industry. The research adopted a thematic analysis with qualitative data being collected from Takaful managers. The findings of the study indicate that the choice of the distribution channel and marketing challenges influence penetration rates. The results further indicate that extensive training of staff and agents on the knowledge and technical aspects of Takaful products and services was key to better penetration rates. The study did not take into consideration purchase behavior with regard to life insurance products in Kenya.

Ngoima (2013) conducted an examination of the effect of insurance agents in insurance penetration in Kenya. The study adopted a descriptive research design with insurance brokers and agents being considered as the unit of observation. The results of the regression analysis indicate that insurance agents contributed to 73.8% variations in the penetration rates. The findings show that the reduction of agency costs, better service provisions, market creation activities, and transformational agency contributed positively to penetration rates. The current study, however, examined how insurance agency contributes to purchase behavior.

Patrick (2015) studied the effect of agency banking services on customer satisfaction in the Kenya Commercial Bank agent system in Ongata Rongai, Kenya. The study adopted a descriptive research design with a semi-structured questionnaire being utilized in the data collection process. The results of the analysis indicate that service convenience, satisfactory service offering, responsiveness, and service quality were key to improving customer

satisfaction with agency banking services. The study focused on agency distribution within the banking context, while the current study examines life insurance firms.

Mutua (2017) examined the influence of distribution strategies on the uptake of micro-insurance products in Kenya. The study adopted a descriptive research design, with the focus being the 49 insurance companies, 44 commercial banks, and microfinance institutions. The findings of the research indicate that there was a positive correlation between agency distribution ($p=.796$), brokers ($p=.472$), independent financial advisors ($p=.517$), and the number of customers of insurance products. The research focused on the uptake of microinsurance products, while current research examines life insurance purchase behavior at Britam Life.

2.4 Summary of Literature and Research Gaps

The below table reviewed the various gaps that were identified in the empirical review of the various studies in line with the research objectives.

Table 2.1 Research Gaps

Author	Title of study	Findings	Research Gap
Kamiru (2016)	Effect of distribution channels on insurance penetration in Kenya	The study concludes that intermediary channels are very important in fostering penetration due to high customer demand	The study focuses on penetration rates while current research examines consumer purchase behavior.
Muhammad (2019)	Marketing mix in the life insurance industry to purchase decisions of life insurance product	Results indicate that the utilization of electronic channels positively influences the purchase decision of life insurance.	The study, however, was conducted in Indonesia, while current research focuses on the Kenyan life insurance market.
Mursid (2018)	Buying decision in the marketing of Sharia life insurance with data evidence	The results of the research show that word of mouth, customer trust, and satisfaction with the service were key	The research was, however, conducted in Indonesia, while the current study considered

	being drawn from Indonesia insurance firms	predictors of customer buying decisions of life insurance.	a case study of Britam Life Assurance Kenya.
Mutua (2017)	Influence of distribution strategies on the uptake of micro-insurance products in Kenya.	There is a positive correlation between agency distribution, brokers, independent financial advisors, and the number of customers of insurance products.	The research focused on the uptake of microinsurance products, while current research examines life insurance purchase behavior at Britam Life Assurance Ltd.
Nebo and Okolo (2016)	Effects of strategies for customer satisfaction on the performance of insurance firms in Enugu Metropolis.	The results of the research indicate that claims settlement, timely solving of customer complaints positively fostered customer satisfaction	The study, however, does not examine consumer purchase behavior within life insurance firms.
Zhu, Lai, and Tsay (2016)	Factors influencing the repurchasing intention of bank insurance in Taiwan	The results indicated that corporate image, interactive quality, promotional activities, and bank specialists positively influenced the repurchase intention in Taiwan bank insurance.	The study was conducted in Taiwan, while current research focussed on life insurance firms in Kenya.

2.5 Conceptual Framework

A conceptual framework is a model that represents the researcher's understanding of the connection of particular variables and relationships with each other where such a relationship

can be shown graphically or diagrammatically thus;, it identifies the variables required in a research or study (McGaghie, Bordage, & Shea, 2015).

Independent Variables

Dependent Variable

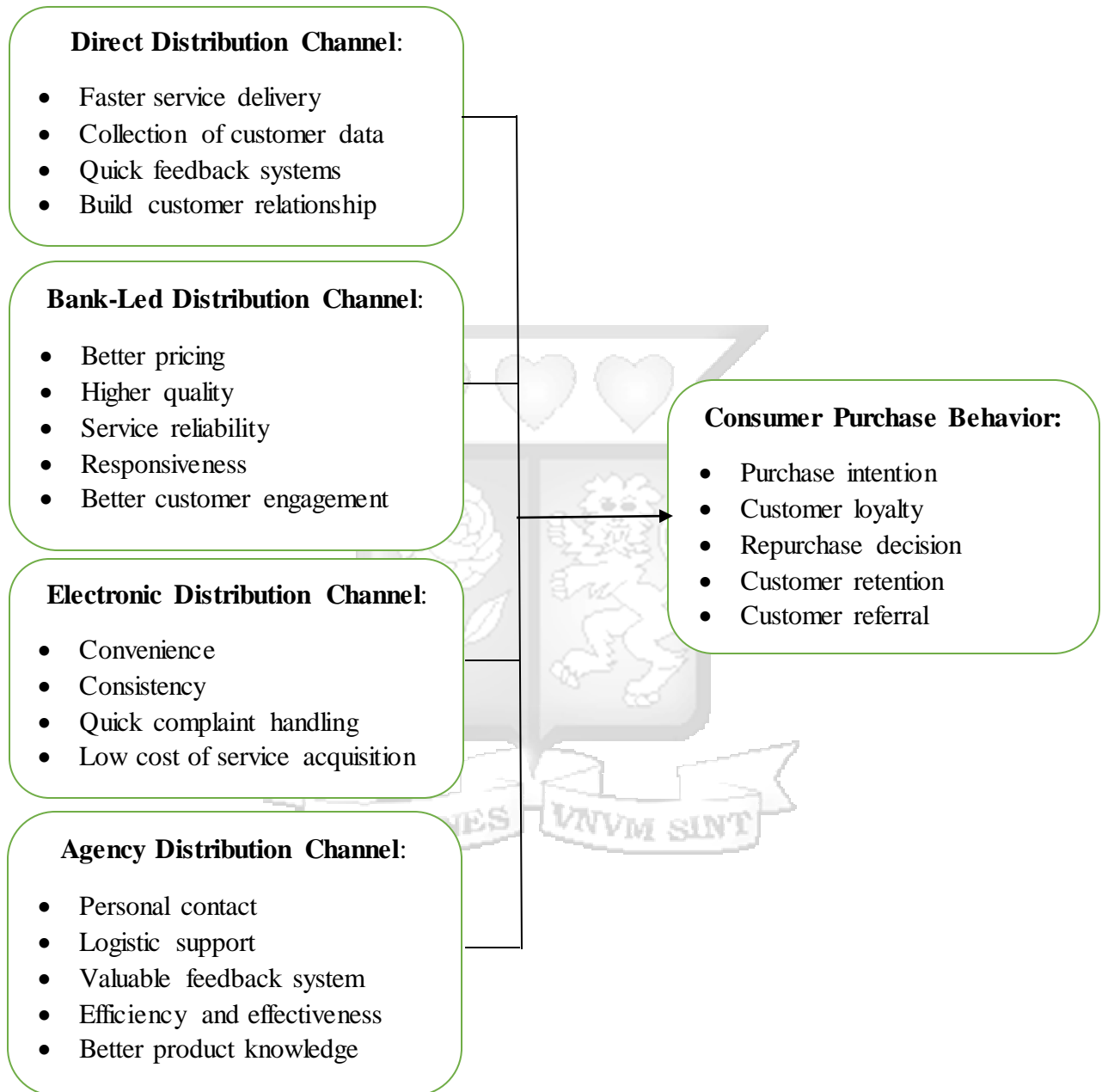


Figure 2.1 Conceptual Framework

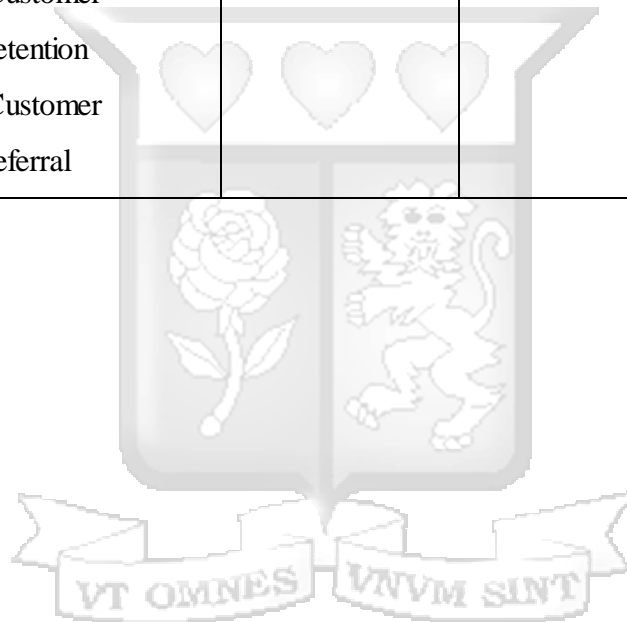
The above conceptual framework sought to review the interaction between the distribution channels and consumer purchase behavior. The study conceptualized the distribution channels based on the direct-distribution, bank-led distribution, electronic distribution, and agency-led distribution. The dependent variable consumer purchasing behavior was assessed based on the

purchase intention, customer satisfaction, repurchase decision, customer retention, and customer referral.

Table 2.2 Operationalization of Study Variables

Variable	Indicators	Measurement	Data collection tool	Data analysis
Direct distribution	<ul style="list-style-type: none"> • Faster service delivery • Collection of customer data • Quick feedback systems • Build customer relationship 	The implementation of direct distribution in life insurance	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis
Bank-led distribution	<ul style="list-style-type: none"> • Better pricing • Higher quality • Service reliability • Responsiveness • Better customer engagement 	The implementation of bank-led distribution in life insurance	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis
Electronic distribution	<ul style="list-style-type: none"> • Convenience • Consistency • Quick complaint handling • Low cost of service acquisition 	The implementation of electronic distribution in life insurance	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis
Agency-led distribution	<ul style="list-style-type: none"> • Personal contact • Logistic support • Valuable feedback system 	The implementation of agency-led	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis

	<ul style="list-style-type: none"> • Efficiency and effectiveness • Better product knowledge 	distribution in life insurance		
Consumer purchase behavior	<ul style="list-style-type: none"> • Purchase intention • Customer satisfaction • Repurchase decision • Customer retention • Customer referral 	The consumer purchase behavior within life insurance firms	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design, the population of the study, the sampling technique, and the sample. Further, it presented the data collection instruments, the data collection procedures applied, the analysis and presentation of the data, as well as the ethical considerations.

3.2 Research Design

The research design refers to the detailed plan of how a study is to be executed. It includes all the phases of research, typical ones being the instrumentation, data collection, analysis, and report writing (Creswell, 2014). The current study adopted a descriptive research design. The descriptive design is an approach to carrying research that entails describing the relationships and nature of variables in any context (Zikmund, Babin, Carr, & Griffin, 2012). Descriptive designs also help the researcher to describe the relationships between the dependent and independent variables (Choy, 2014). This research design allowed the study to employ quantitative statistical analysis techniques to determine the association between research variables and develop inferences for the population of this study.

3.3 Target Population

Population refers to a complete number of objects or entities that can be included in a particular study (Zikmund, Babin, Carr, & Griffin, 2012). The unit of analysis for the current research was Britam Life Assurance, Kenya. The research drew participants from the life insurance customers who had active policies (active policyholders) within the firm. These customers formed the unit of observation for the current study. According to Britam Life (2020), there were 122,442 active life insurance policy customers at the time of the study. The customers formed the population of the research and are expected to hold vital information on how the various distribution channels influence their purchase behavior.

3.4 Sampling Technique and Sample Size

The research adopted a stratified sampling in only considering life insurance product consumers within Britam Life Assurance Kenya. This allowed for the selection of the sample frame for the study from only life insurance members within Britam Insurance customers. The sampling frame refers to the collection from which the units of observation can be picked for the study. It includes all the eligible units that can be selected for analysis (Babin & Zikmund,

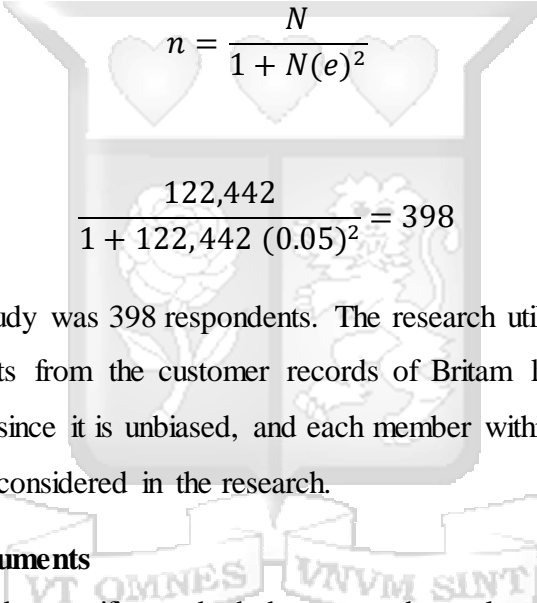
2012). The sampling frame for the study was the life insurance customers at Britam Life Assurance.

The sample size refers to the representatives of the population that is picked for inquiry on behalf of the other units in the population. It should contain the attributes of the population and should be a good representation of the population for generalizable results (Creswell, 2014). The sample size for the study was determined using the Yamane formula as shown below;

n =sample size,

N = population size

e =level of precision.


$$n = \frac{N}{1 + N(e)^2}$$
$$\frac{122,442}{1 + 122,442 (0.05)^2} = 398$$

The sample size for the study was 398 respondents. The research utilized random sampling in selecting study respondents from the customer records of Britam life Assurance. The study utilized random sampling since it is unbiased, and each member within the sampling frame has the same chance of being considered in the research.

3.5 Data Collection Instruments

Data Collection refers to the specific method that research employs to obtain the data that is needed to answer the research questions for the study (Lawal, 2013). A researcher ought to decide on what data to collect, where to collect it, how to collect it, and whom to assist in collecting the data (Choy, 2014). The study relied on primary data in the collection of research data. The research utilized a structured questionnaire in the data collection because they provide an opportunity for the researcher to obtain primary information about a phenomenon from diverse respondents within reasonable financial and time efficiency (Boone & Boone, 2012). The research questionnaire was developed in line with the conceptualization of the study variables and through review of previous empirical studies. This ensured that the theme of the study was captured in the research instrument.

3.6 Data Collection Procedures

Data collection procedure refers to the systematic approach of gathering facts about a phenomenon using specific methodologies and precise instruments to meet the goals of the study (Choy, 2014). In this study, questionnaires were used to collect data. A pilot test was first undertaken where questionnaires were administered to a small group of individuals from the target population. The study conducted a pilot test with 10% of the sample population. The pilot test was conducted to assist in the reliability testing of the research instrument and the validity tests. The study adopted Google forms in the data collection with participants drawn from the roll of active life insurance customers within the insurance firm. The researcher distributed Google forms to all the customers within Britam life insurance register. The customers were also sent an automated short message seeking their participation in the research work. The study conducted a pretest of the instrument with 10% (n=39) of the study participants who were not considered in the main research work.

3.6.1 Reliability Tests

Reliability analysis of the data collection instruments was tested through Cronbach's alpha. Reliability analysis was done to determine the correlations between the data from various respondents and establish whether each response has a significant relationship with other respondents (Hazzi & Maldaon, 2014). Cronbach alpha is a measure of internal consistency, which is a test of the relationship between items as a group (Eisinga, Grotenhuis, & Pelzer, 2013). Cronbach's alpha is a measure of reliability. It measures the inter-correlations between the items; hence the test is known as the test of internal consistency of a questionnaire (Bryman, 2012).

Table 3.1 Reliability Statistics

	Cronbach's Alpha	N of Items
Consumer purchasing behavior	.713	5
Direct distribution channel	.784	6
Bank-led distribution channel	.893	6
Electronic distribution channel	.937	6
Agency distribution channel	.953	6

Source: Research Data (2020)

The research considered items with a Cronbach alpha of above 0.7, which met the threshold for internal consistency. The findings above indicate that all the research variables had a Cronbach alpha score of above 0.7; hence were adopted for the main research.

3.6.2 Validity Tests

Validity refers to the level of accuracy of a concept in a quantitative study (Heale & Twycross, 2015). It is the measure of the accuracy in which an instrument measures what it ought to measure. Content validity measures the completeness of the instrument by assessing whether it adequately contains all aspects of the variable that should be measured. The study applied content validity in assessing the validity of the research instrument by seeking the guidance of the research proposal.

3.7 Data Analysis and Presentation

Data analysis is the process of converting raw data into information that can be used to arrive at conclusions (Bryman, 2012). The study relied on quantitative analysis which justified the application of quantitative analytical techniques. This was suitable since it allowed for the estimation of the influence of each specific independent variable on the dependent variable. The research applied both descriptive and regression analysis. The descriptive analysis for the research included means, standard deviation, maximum, and minimum. The inferential statistics for the research included the Pearson correlation and regression analysis. The statistical significance of the research model was tested using the ANOVA analysis. The analyzed research data has been presented using pie charts, bar graphs, and tables. The research employed the following regression model;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Dependent variable (consumer purchase behavior)

α = the model intercept

β_{1-4} = Coefficient of independent variables

X_1 – direct distribution channel

X_2 – bank-led distribution channel

X_3 – electronic distribution channel

X_4 – agency-led distribution channel

ε = error term

3.8 Ethical Considerations

The research ensured that the anonymity of the respondents was upheld within the course of the research. The study applied for the relevant permission from Britam Life Assurance. The study also applied for ethical clearance from Strathmore Business School and a research permit from the National Commission for Science Technology and Innovation (NACOSTI). The study made sure that the participants' confidentiality was maintained throughout the course of the research by ensuring that the responses obtained were only used for academic purposes.



CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

This chapter presents the findings drawn from the analysis of data. The data regarding the general information from the respondents is first presented. Thereafter, the data is presented in order of the secondary research objectives.

4.2 Response Rate

Three hundred and ninety-eight questionnaires were administered, out of which 367 questionnaires were successfully filled and returned, as indicated in Figure 4.1. The response rate was 92%, and the non-response 8%.

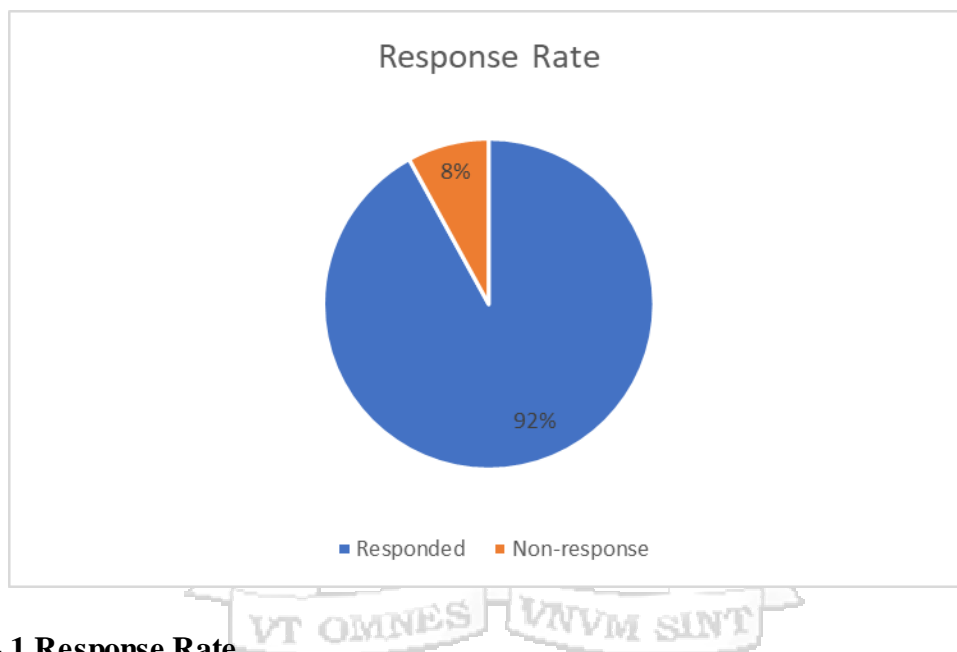


Figure 4.1 Response Rate

Source: Research Data (2020)

4.3 Demographic Information of Participants

4.3.1 Age of Participants

The age distribution of the life insurance customers who took part in the survey is shown in Figure 4.2. Forty-one percent of the respondents were 31-40 years, 29% were 41-50 years, and 15% were 21-30 years. These findings showed that life insurance products within the firm are largely subscribed by middle-aged consumers.

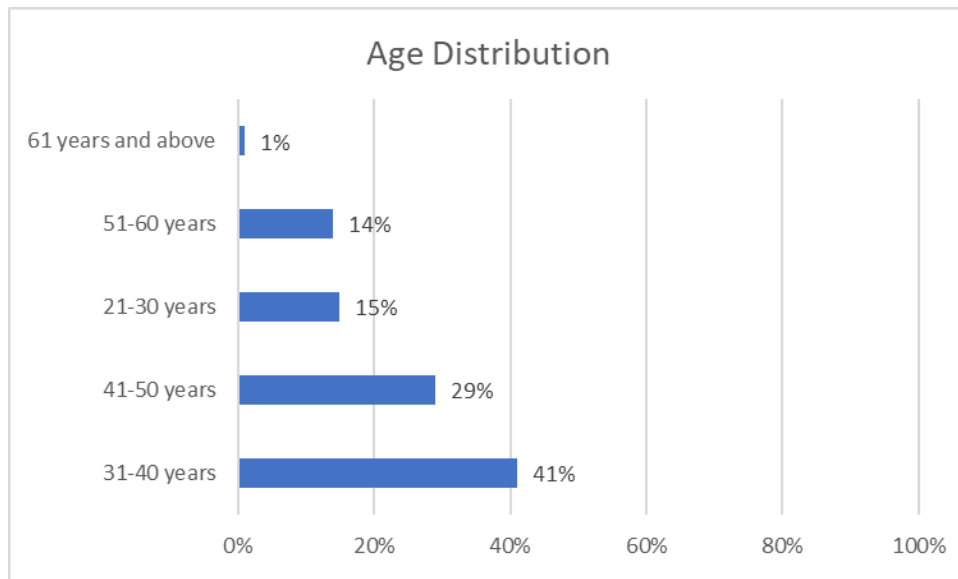


Figure 4.2 Respondents Age Distribution

Source: Research Data (2020)

4.3.2 Education Attainment

The education attainment among the respondents of the study is shown in Figure 4.3. Thirty percent of the respondents had college-level education, 37% had attained an undergraduate degree, while 33% of the respondents had attained a postgraduate degree. The findings illustrate that uptake of life insurance is high among consumers who have attained formal education.

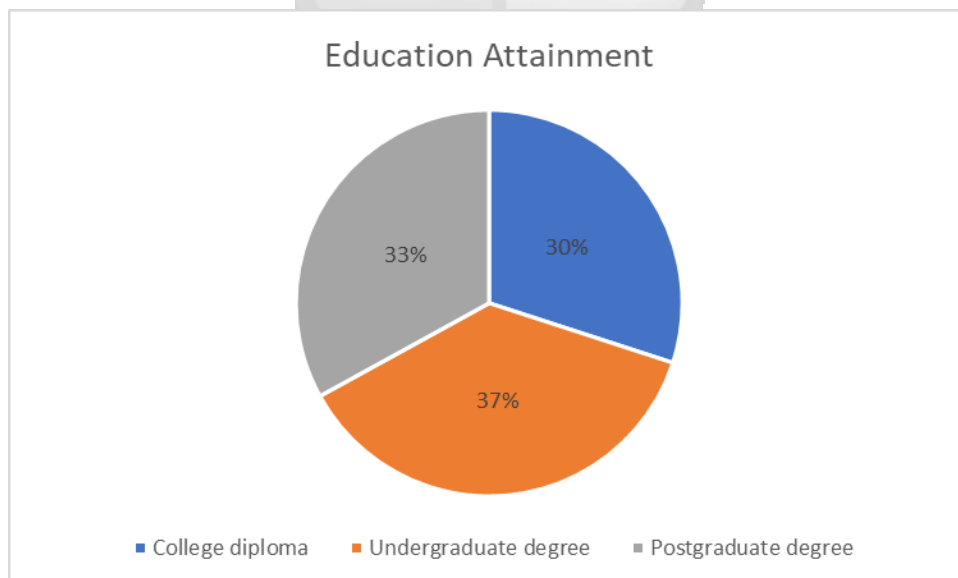


Figure 4.3 Respondents Education Attainment

Source: Research Data (2020)

4.3.3 Length of Life Insurance Membership

The extent of time that the respondents have maintained a life insurance policy with Britam Life Assurance Company is indicated in Figure 4.4. Forty percent of the respondents had a policy for 1-3 years, 26% have held a life insurance policy for 4-6 years, 20% had a policy for over ten years, while 14% had maintained a life insurance policy with Britam for 7-9 years. These results suggested that most of the participants in the study had subscribed to Britam life insurance products for more than 4-years which is an indication that they have extensive knowledge on the products and services which is vital to providing relevant information to this study.

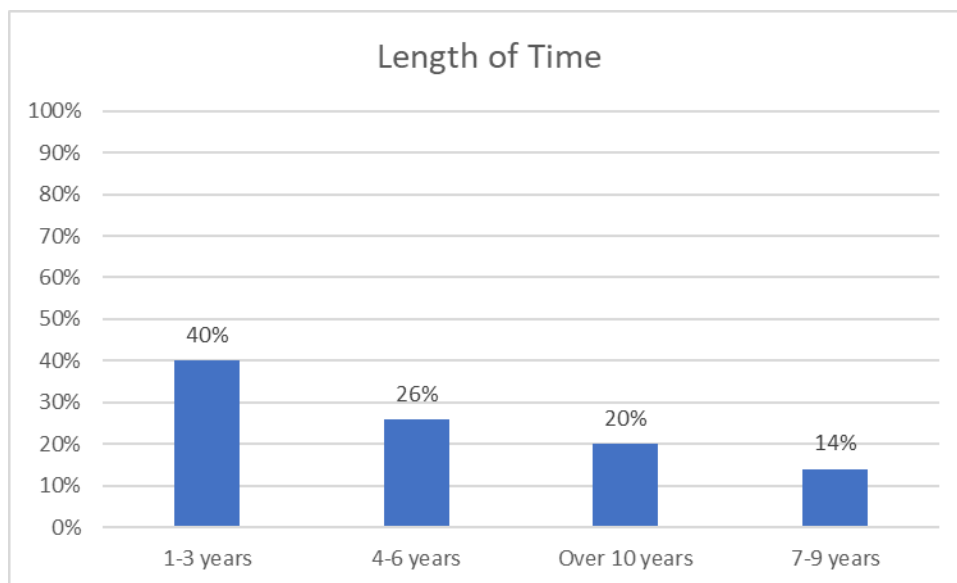


Figure 4.4 Length of Life Insurance Policy

Source: Research Data (2020)

4.4 Descriptive Results

The study examined how to direct distribution, bank-led, agency distribution, and electronic distribution influenced consumer purchasing behavior among life insurance customers. The participants were presented with various statements and asked to rank them using a 5-point Likert scale. The analysis of the responses was presented using measures of central tendency: mean and standard deviation.

4.4.1 Direct Distribution Channel

The research sought to examine the participants' views on the direct distribution channel. They were presented with six-statements, and the responses obtained are shown in table 4.2 below.

The following criterion was used in the interpretation of the means; 0-1.49; neither agree nor disagree 1.50-2.49; strongly disagree 2.50-3.49; disagree 3.50-4.49; agree and 4.20-5.00 strongly agree.

Table 4.1 Descriptive Result for Direct Distribution Channel

	N	Mean	Std. Deviation
The firm offers quick feedback systems during the direct purchase of life insurance products	367	4.0109	1.08637
There is timely delivery of customer services at Britam insurance branches	367	3.8011	1.25720
I receive adequate customer complaint solutions at Britam insurance branches	367	3.5586	1.39915
I am able to view my customer data on the spot at the Britam branches	367	3.6322	1.44606
I generally receive adequate and fast service at the Britam branches	367	3.7820	1.31673
I appreciate the level of customer-staff interaction offered at Britam Branches	367	3.9155	1.26791

Source: Research Data (2020)

The review of responses showed agreement among respondents that Britam insurance offers quick feedback systems during the direct purchase of life insurance products (Mean = 4.0109, Dev = 1.08637). The results indicate agreement and a high deviation that respondents appreciate the level of customer-staff interaction offered at Britam Branches (Mean = 3.9155, Dev = 1.26791). The findings also indicated agreement and a high deviation that participants receive adequate customer complaint mechanisms at Britam insurance branches (Mean = 3.5586, Dev = 1.39915). The study also showed agreement and a high deviation that respondents are able to view customer data on the spot at the Britam branches (Mean = 3.6322, Dev = 1.44606).

4.4.2 Bank-Led Distribution Channel

The second study variable examined Britam life insurance members' perception of the bank-led distribution channel. The analysis of the results is presented below. The following criterion

was used in the interpretation of the means; 0-1.49; neither agree nor disagree 1.50-2.49; strongly disagree 2.50-3.49; disagree, 3.50-4.49; agree and 4.20-5.00 strongly agree.

Table 4.2 Descriptive Result for Bank-Led Distribution Channel

	N	Mean	Std. Deviation
I am aware of the Britam life insurance products offered through banks	367	2.5995	1.37515
I enjoy the convenience of purchasing life insurance products through banks	367	2.3052	1.36688
I enjoy the quality of services offered in purchasing life insurance through banks	367	2.3597	1.39135
I receive better pricing and negotiation opportunities if I purchase life insurance through banks	367	2.1199	1.29598
I receive better customer engagement in buying life insurance from banks	367	2.1689	1.34238
There is better service responsiveness from commercial bank channels	367	2.2125	1.32589

Source: Research Data (2020)

The results showed disagreement among respondents that they are aware of the Britam life insurance products offered through banks (Mean = 2.5995, Dev = 1.37515). The findings showed strong disagreement and high deviation that respondents receive better pricing and negotiation opportunities if they purchase life insurance through banks (Mean = 2.1199, Dev = 1.29598). The study also demonstrated strong disagreement among respondents that they receive better customer engagement in buying life insurance from banks (Mean = 2.1689, Dev = 1.34238).

4.4.3 Electronic-Led Distribution Channel

The third study variable reviewed the views of the respondents on the electronic-led distribution channel, and the findings are presented below. The following criterion was used in

the interpretation of the means; 0-1.49; neither agree nor disagree 1.50-2.49; strongly disagree 2.50-3.49; disagree 3.50-4.49; agree and 4.20-5.00 strongly agree.

Table 4.3 Descriptive Result for Electronic-Led Distribution Channel

	N	Mean	Std. Deviation
The services offered through electronic channels are more reliable	367	3.8283	1.27629
I achieve better convenience in making purchases through electronic channels	367	3.5995	1.36117
There is better complaint handling through electronic channels	367	3.3542	1.41417
I incur minimal costs in making purchases through electronic channels	367	3.3706	1.45947
There is consistency in making purchases through electronic distribution channels	367	3.4005	1.42396
I can access more information on life insurance products from electronic channels	367	3.6975	1.37048

Source: Research Data (2020)

The results posit agreement among respondents that the services offered through electronic channels are more reliable (Mean = 3.8283, Dev = 1.27629). The responses obtained also showed agreement that respondents can access more information on life insurance products from electronic channels (Mean = 3.6975, Dev = 1.37048). The results indicated disagreement that there is better complaint handling through electronic channels (Mean = 3.3542, Dev = 1.41417). The study showed disagreement among respondents that they incur minimal costs in making purchases through electronic channels (Mean = 3.3706, Dev = 1.45947).

4.4.4 Agency Distribution Channel

The research sought to examine the participants' views on the agency distribution channel. They were presented with six-statements, and the responses obtained are shown below. The following criterion was utilized in the interpretation of the means; 0-1.49; neither agree nor disagree 1.50-2.49; strongly disagree 2.50-3.49; disagree, 3.50-4.49; agree and 4.20-5.00 strongly agree.

Table 4.4 Descriptive Result for Agency Distribution Channel

	N	Mean	Std. Deviation
I receive more logistical support when making purchases through agents	367	3.6921	1.40472
I enjoy the personal appeal and contact in making purchases through agents	367	3.7330	1.40824
Agency purchases offer me more valuable feedback	367	3.6785	1.42390
There is efficiency in handling complaints when dealing with agents	367	3.6458	1.42187
I am able to obtain more product knowledge when purchasing from agents	367	3.8420	1.33760
There is effectiveness in dealing with agents when purchasing life insurance products	367	3.8229	1.35248

Source: Research Data (2020)

The study results showed agreement and high deviation in responses that participants are able to obtain more product knowledge when purchasing from agents (Mean = 3.8420, Dev = 1.33760). The review of responses indicated agreement that participants are able to obtain more product knowledge when purchasing from agents (Mean = 3.8420, Dev = 1.3376). The study showed agreement that there is efficiency in handling complaints when dealing with agents (Mean = 3.6458, Dev = 1.42187). The research also indicates agreement that agency purchases offer me more valuable feedback (Mean = 3.6785, Dev = 1.4239).

4.4.5 Consumer Purchase Behavior

The dependent variable for the study was the consumer purchase behavior, and participants were presented with 5-statements to rank their opinions. The results are presented below. The following criterion was used in the interpretation of the means; 0-1.49; neither agree nor disagree 1.50-2.49; strongly disagree 2.50-3.49; disagree 3.50-4.49; agree and 4.20-5.00 strongly agree.

Table 4.5 Descriptive Result for Consumer Purchase Behavior

	N	Mean	Std. Deviation
I am satisfied with the customer service offered by Britam Life Assurance Ltd Kenya (Britam Life)	367	4.1608	.92257
I will buy more life insurance policies if the firm introduces new ones	367	3.5123	1.25199
I have maintained my loyalty to the life insurance products and services offered at Britam Insurance	367	4.2807	.98914
I have no intention of purchasing the life insurance products offered by Britam Insurance	367	2.1390	1.23906
I would gladly refer my friends and families to purchase life insurance products from Britam Insurance	367	4.1744	1.09500

Source: Research Data (2020)

Concerning the customers' loyalty to the life insurance products and services offered at Britam Insurance, there was strong agreement among participants and moderate deviation of responses from mean ($M = 4.2807$, $Dev = .98914$). The study indicated agreement among respondents that they would refer friends and families to purchase life insurance products from Britam Insurance (Mean = 4.1744, Dev = 1.09500). The study also showed strong disagreement with a high variation that they have no intention of purchasing the life insurance products offered by Britam Insurance (Mean = 2.1390, Dev = 1.23960).

4.5 Correlation Results

The study aimed at establishing the effect of direct distribution, bank-led distribution, electronic-led distribution, and agency distribution on consumer purchase behavior. The research adopted correlation analysis, and the results are as indicated.

Table 4.6 Correlation Matrix

			Consumer Purchasing Behavior	Direct Distribut ion	Bank-Led Distributio n	Electronic Distributio n	Agency- Led Distribution
Spear man's rho	Consumer Purchasing Behavior	Correlation Coefficient	1.000				
		Sig. (1- tailed)	.				
		N	367				
Direct Distribution	Consumer Purchasing Behavior	Correlation Coefficient	.628**	1.000			
		Sig. (1- tailed)	.000	.			
		N	367	367			
Bank-Led Distribution	Consumer Purchasing Behavior	Correlation Coefficient	.296**	.238**	1.000		
		Sig. (1- tailed)	.000	.000	.		
		N	367	367	367		
Electronic Distribution	Consumer Purchasing Behavior	Correlation Coefficient	.298**	.306**	.342**	1.000	
		Sig. (1- tailed)	.000	.000	.000	.	
		N	367	367	367	367	
Agency- Led Distribution	Consumer Purchasing Behavior	Correlation Coefficient	.381**	.435**	.232**	.168**	1.000
		Sig. (1- tailed)	.000	.000	.000	.001	.
		N	367	367	367	367	367

** . Correlation is significant at the 0.01 level (1-tailed).

Source: Research Data (2020)

Objective one of the study sought to establish the effect of direct distribution channels on consumer purchasing behavior among Britam insurance life customers. The study results indicate there is a strong positive and significant effect of direct distribution on consumer purchasing behavior (Rho= .628, Sig = .000<.05).

The second objective analyzed the effect of bank-led distribution on the consumer purchase behavior among Britam Life Assurance Policyholders. The findings indicated there is a weak positive and significant effect of bank-led distribution channel and consumer purchase behavior (Rho= .296, Sig = .000<.05).

The study further examined the effect of electronic distribution channels on consumer purchasing behavior among Britam Life Assurance policyholders. The study results show there

is a weak positive and significant effect of electronic distribution on consumer purchasing behavior (Rho= .298, Sig = .000<.05).

The fourth objective analyzed the effect of agency distribution on consumer purchase behavior among Britam Life Assurance policyholders. The findings indicated there is a moderate positive and significant effect of agency distribution channel and consumer purchase behavior (Rho= .381, Sig = .000<.05).

4.6 Regression Results

The primary purpose of the study was to examine the influence of distribution channels on consumer purchase behavior at Britam Life Assurance Kenya. The study employed multiple linear regression analysis to determine the strength of the relationship between the variables.

Table 4.7 Regression between Distribution Channels and Consumer Purchase Behavior

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.654 ^a	.428	.422	2.47826

a. Predictors: (Constant), Agency-Led Distribution, Electronic Distribution, Bank-Led Distribution, Direct Distribution

b. Dependent Variable: Consumer Purchasing Behavior

Source: Research Data (2020)

The study results noted a $R^2 = .428$, which implied that 42.8% of the variation in the level of consumer purchase behavior are determined by the distribution channels employed by Britam Life Assurance. The findings indicate that 57.2% of the changes can be attributed to predictor variables not considered in the research.

Table 4.8 ANOVA for Distribution Channels and Consumer Purchase Behavior

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1664.507	4	416.127	67.753	.000 ^b
	Residual	2223.324	362	6.142		
	Total	3887.831	366			

a. Dependent Variable: Consumer Purchasing Behavior

b. Predictors: (Constant), Agency-Led Distribution, Electronic Distribution, Bank-Led Distribution, Direct Distribution

Source: Research Data (2020)

The research adopted ANOVA analysis to test the statistical significance of the research model applied in the study. As a rule of thumb, the F-calculated should be higher than the F- (critical f; 1.162), and the Significance should be less than .05. The ANOVA test yielded an F-calculated = 67.753, Sig = .000 < .05. This shows that there is a positive and statistically significant relationship between distribution channels and consumer purchase behavior at Britam Life Assurance Kenya.

Table 4.9 Regression Coefficients for Distribution Channels and Consumer Purchase Behavior

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9.564	.594		16.105	.000
Direct Distribution	.265	.023	.513	11.426	.000
Bank-Led Distribution	.051	.021	.110	2.459	.014
Electronic Distribution	.027	.020	.058	1.332	.184
Agency-Led Distribution	.063	.019	.149	3.346	.001

a. Dependent Variable: Consumer Purchasing Behavior

Source: Research Data (2020)

The output above yields the following regression equation;

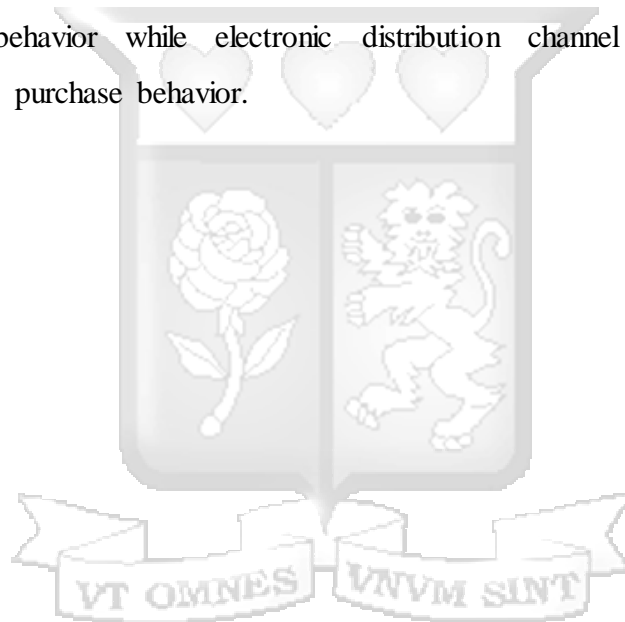
$$Y = 9.564 + .265X_1 + .051X_2 + .027X_3 + .063X_4 + .594$$

The output indicates that direct distribution has a statistically significant coefficient (.265), Sig = .000 < .05. These results indicate that unit change in the level of direct distribution channel will yield a .265 change in the level of consumer purchase behavior. The findings indicate that the coefficient of the bank-led distribution channel is statistically significant (.051), Sig = .014 < .05. This implies that a unit change in the bank-led distribution channel will lead to a .051 change in consumer purchase behavior. The study indicated that the coefficient of electronic distribution channel (.027) was not statistically significant Sig .184 > .05. These findings opined that among life insurance customers; the utilization of electronic distribution channels has not

been central to their consumer purchase behavior as compared to other distribution channels. The results show that the coefficient of the agency led distribution channel is statistically significant (.063), Sig = .001<.05. This implies that a unit change in the agency-led distribution channel will lead to a .063 change in consumer purchase behavior.

4.7 Chapter Summary

The fourth chapter of the study presented the research findings. The results indicated there is a positive and significant correlation between direct distribution, bank-led distribution, electronic-led distribution, agency distribution, and consumer purchase behavior among life insurance members. The regression analysis indicated that distribution channels adopted by Britam insurance predict 42.8% of the consumer purchase behavior. The regression results also established that direct, bank-led, and agency distribution channels significantly influence consumer purchase behavior while electronic distribution channel has an insignificant influence on consumer purchase behavior.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings and conclusions that were drawn from the study. The summary, conclusions, and recommendations are presented in line with the objectives of the study. The chapter also presents suggestions for further research.

5.2 Summary

Several studies have indicated that consumer dissatisfaction with the quality of service and product offering among insurance firms has been on a growing trend. This has been occasioned by the limited knowledge on the role of distribution channels towards consumer purchase behavior within the life insurance firms in Kenya. There are several distribution channels that have not been utilized effectively. This study sought to establish the effect of the various distribution channels adopted on consumer purchase behavior. The specific objectives of the study were to determine; the impact of direct distribution channels, bank-led distribution channels, electronic distribution channels, and agency-led channels on consumer purchasing behavior.

The study adopted utilized a descriptive research design in the study. The population of the study was life insurance customers within Britam Insurance Limited. The sample respondents were 398 customers who were selected to participate in this study. The research utilized a structured questionnaire in the data collection with Google forms and hard-copy questionnaires being used. The study relied on descriptive analysis, correlational analysis, and regression analysis and utilized bar graphs, charts, and tables in the presentation of the results. The research managed to obtain a 92% response rate from the selected participants. According to the findings of the regression equation, the study established that 42.8% of the variation in the level of consumer purchase behavior is determined by the distribution channels employed by Britam Insurance. The study findings illustrate that three distribution channels; direct, agency-led and bank-led are critical to enhancing consumer purchase behavior. The findings also indicate that electronic-distribution channel does not have a significant influence on consumer purchase behavior among life insurance customers.

5.3 Discussions

5.3.1 Direct distribution channel

The study results indicate there is a strong positive and significant effect of direct distribution on consumer purchasing behavior. The results of the regression analysis in section 4.6 above indicate that a unit change in the level of direct distribution channel will yield a .265 change in the level of consumer purchase behavior. In line with the empirical evidence, Mursid (2018) shows that through the direct channel, word of mouth, customer trust, and satisfaction with the service were key predictors of customer buying decisions of life insurance. However, a study by Kamiru (2016) had a different view and concluded that direct channel is not viable and intermediary channels are very important in enabling insurance companies to widen their market through market penetration due to customer demand.

The study findings further revealed that customers are happy with the timely delivery of customer service and how their complaints are handled at Britam Life Assurance branches. This is in line with Wahome (2018), who established that the level of customer service is essential in enticing new customers and increasing customer retention. Findings also indicate that the participants believe that Britam Insurance offers a quick feedback system when purchasing life insured products. The results of the study are in line with previous empirical evidence by Pahwa and Gupta (2019), who indicated that the marketing force and the effectiveness of the marketing team in health insurance policies are key predictors of purchase decisions. This is supported by Mohamed and Alhabshi (2015), who noted that the technical knowledge and aspects of the insurance products are important in enhancing the level of customer service and satisfaction ergo bring about positive consumer purchase behavior.

Participants also indicated they were able to view their customer data at any Britam insurance branch. In support of this, Donaldson (2016) indicated that financial firms are more efficient with a system that interlinks the customer data and can be accessed from different branches. He further established that this was an effective method used to increase customer satisfaction. The study also noted that participants receive adequate and fast services at Britam insurance branches. The findings further showed that participants were the general appreciation of the customer staff interaction at the firm's branches. The findings from this study were consistent with Idris, Asokere, Ajemunigbohun, Oreshile, and Olutade (2012), which indicated that direct marketing is considered a key predictor for sales promotion. Their findings further show that the improvement of delivery services, sales sponsorship, personal selling, and personal interaction with the customers positively influenced brand loyalty and purchase intentions.

5.3.2 Bank-led distribution channel

The study sought to establish the influence of bank-led distribution channels on consumer purchase behavior. Findings indicated there is a weak positive and significant effect of bank-led distribution channels and consumer purchase behavior. This was consistent with Jayswal and Brahmhatt (2013), who found that bancassurance distribution channels were positively related to purchase intentions.

The study findings revealed that most respondents were aware that Britam Life assurance products were offered through banks. Among these respondents who were aware, most of them enjoyed the convenience and quality of the insurance services offered through the bank. This can be attributed to the good perception of the banks in Kenya and the special relationship of trust between a customer with their bank or banker, according to Oden (2018). The findings further show that respondents receive better pricing opportunities when purchasing through the bank as compared to any other channel. Oden (2018) indicated that Banks benefit from the impression that they are better than insurance companies at handling financial issues.

Participants are also afforded better customer engagement and service responsiveness when using banks when buying Britam insurance products. Singh and Choudhury (2017), in support, indicated that customers have a favorable perception of bancassurance with regard to reliability, responsiveness, empathy, and assurance. The study further indicates that customers perceive the bank's infrastructure as adequate for the provision of insurance services. Zhu, Lai, and Tsay (2016) also established that corporate image, interactive quality, promotional activities, and bank specialists positively influenced the repurchase intention in Taiwan bank insurance.

5.3.3 Electronic Distribution Channel

The results show that electronic distribution channel does not influence consumer purchase behavior among life insurance members. The findings converge with earlier reporting by Britam Life Assurance (2019), which indicated that revenue streams from an electronic distribution having marginally low and non-existent in recent years within the firm. This could be an indication of low uptake of electronic distribution among life insurance customers which can be fostered through creating awareness of the existence of such channel among life insurance consumers. These results are not consistent with earlier literature by Narwhal and Sachdeva (2013), who established that customers have a positive image of the use of IT while making a purchase. This was echoed by Ghaleno, Zavareh, and Bahrami (2016), whose study

indicated that the mobile marketing of insurance products has a positive effect on awareness, association, and perceived quality and positively improved customer loyalty and purchase decisions. These results are consistent with Isimoya, Ajemunigbohun, and Balogun (2018) and Kihanya (2013), who indicated that the general utilization of electronic channels has a positive effect on customer satisfaction.

The study found that customers consider electronic distribution channels to be more convenient compared to other distribution channels. Respondents agree that electronic channels provide for better convenience in purchasing and better complaint handling. The study also found that consumers incur minimal costs when using electronic channels. Respondents also agreed that they could access more information on life insurance products from electronic channels. In line with the study, Narwal and Sachdeva (2013) found that IT distribution factors such as ease of use, timely delivery, effective buying decision, cost savings, and maintaining records were all positively correlated with consumer purchase behavior.

5.3.4 Agency Distribution Channel

The study sought to determine the influence of the agency distribution channel on consumer purchase behavior. The findings indicated there is a moderate positive and significant effect of agency distribution channel and consumer purchase behavior. These findings were supported by Sukpaiboonwat (2018), who found out that that agency distribution channels were among the best channels in directing annuity performance in the life insurance firms. In line with the study, Ngoima (2013) also determined that Insurance agencies have a positive impact on consumer purchase behavior. This was further supported by Mutua (2017), whose findings show that there was a positive correlation between agency distribution and brokers and the number of customers of insurance products.

The findings of this study indicate that participants receive more support when they use the agency distribution channel. According to the participants in this study, agency purchases offer more valuable feedback and product knowledge when dealing with agents as compared to any other channel. This is supported by Traub (2014), who identified that insurance agents would provide more relevant and high-quality insurance information to the consumers. This was considered to be brought about by the experience and of insurance agents and their knowledge of the insurance products. However, Besserman (2014) established that insurance agents offer distorted advice for their own gains, disregarding the interest of the insurance company. This, therefore, brings about dwindling consumer confidence in the insurance company. The study

findings further established that participants enjoy the personal appeal and contact associated with interacting with agents. Sukpaiboonwat (2018) also indicated that the after-sale services, the personality of the agents, and utilization of the agent's knowledge improved the competition behavior in the life insurance firms.

5.4 Conclusions

The study concludes that distribution channels have a significant influence on the consumer purchase behavior of life insurance products. The study concludes that there is a positive relationship between direct distribution, bank-led distribution channel, electronic distribution channel, the agency led distribution channel and consumer purchasing behavior in Britam Life Assurance. The study first objective examined the effect of direct distribution on consumer purchase behavior in Britam Life Assurance. The study concludes that direct distribution has a positive and significant influence on consumer purchase behavior. The research revealed that faster service delivery, quick feedback systems, and building customer relationships could be key to improved customer loyalty, retention, and referral.

The second objective determined there is a positive and significant influence of bank-led distribution channels on the consumer purchase behavior in Britam Life Assurance. The study concludes that service reliability, responsiveness, customer engagement, and better pricing can yield improved consumer purchase behavior proxies such as purchase intention and repurchase decision among life insurance members.

The third study objective indicated there is a positive but insignificant influence of electronic distribution channels on consumer purchase behavior in Britam Life Assurance. The study concludes that electronic channels have not been able to offer consumers the convenience, complaint handling, and consistency expected, thus not influencing the consumer purchase behavior. The fourth objective of the research established that agency-led distribution channels had a positive influence on consumer purchase behavior in Britam Life Assurance. The research concluded that personal content, product knowledge, logistic support, and feedback systems among agents had a positive influence on consumer purchase behavior.

5.5 Recommendations

In the increasingly competitive Life insurance industry, there is a need for Life insurance companies to be more competitive and innovative in reaching customers. Life insurance companies need to reach more consumers through as many channels as possible but also maintain a high level of customer service. The study recommends that Life insurance

companies focus more on the direct channel since it has the most effect on consumer purchase behavior. The study also recommends the introduction of periodic and extensive training of staff and agents who deal in the distribution of life insurance products.

The study further recommends improving and strengthening the level of other distribution channels to enhance consumer purchase behavior. The study recommends that Life insurance firms should improve on the alliances with commercial banks to drive uptake of life insurance policies through the banks. Further, the study recommends that insurance firms should have trained agents stationed within partner banks to ensure customer queries and complaints are handled by knowledgeable personnel. This would strengthen the delivery of services and reliability in services offered through the bank-led distribution channels.

The study also recommends that the organization enhance its efforts on electronic distribution channel as a channel for distribution. This can be achieved by creating more awareness among its consumers and also coming up with new and innovative products and systems in order to increase the consumer base.

5.6 Suggestions for Further Research

This study notes that the market penetration strategies that each of the distribution channels utilizes are not well defined; hence it is unclear the impact of market penetration strategies on distribution channels used. There is a need for further research to be conducted in assessing the full impact of market penetration strategies on the distribution channels used. The study also notes that of all the distribution channels, the electronic channel has the least impact on consumer purchase behavior. However, data from Britam Life assurance in table 1.1 in chapter 1 indicate that this is the channel with the lowest proportion of customers who currently hold life insurance policies within the Firm. There is a need for further studies to explore and inform what is a contribution to the low use of this channel and ways to enhance uptake of life insurance products through the electronic channels.

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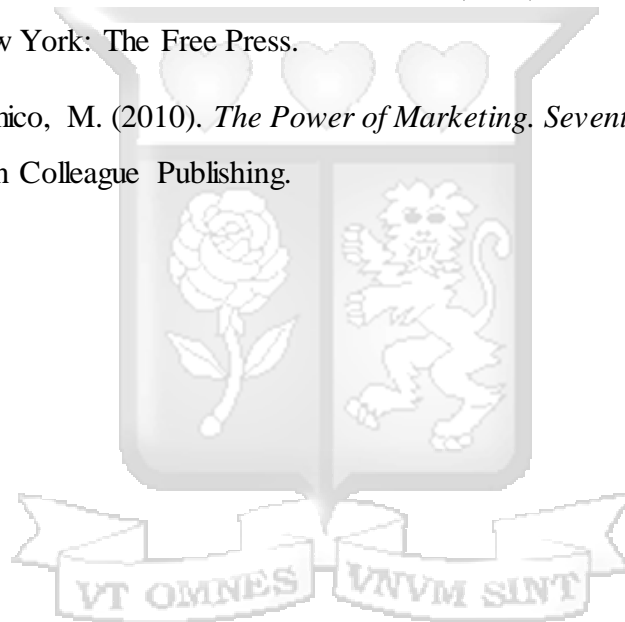
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APPENDICES

Appendix I: Questionnaire

The research questionnaire below sought to capture data on the effect of distribution channels on the consumer purchase behavior of life insurance at Britam Life Assurance Ltd. The collected data was utilized for academic purposes, and the anonymity of the respondents was upheld through the research work.

Section A: General Information

1. What is your gender?

- Male
- Female

2. What is your age?

- 21 - 30
- 31 - 40
- 41 - 50
- 51 - 60
- 61 and above

3. What is your highest level of education?

- College Diploma
- Undergraduate Degree
- Postgraduate Degree

4. How long have you been a life insurance customer at Britam Kenya?

- 1-3 years
- 4-6 years
- 7-9 years
- Over 10 years

PART B: EFFECT OF DISTRIBUTION CHANNELS ON THE CONSUMER PURCHASE BEHAVIOR OF LIFE INSURANCE AT BRITAM LTD.

Kindly answer the following questions based on your agreement with the following statements on your consumer purchase behavior within regard to life insurance products at Britam Kenya.

The scale level ranges from 1 – 5.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= Strongly Agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

xxx

No	Consumer Purchase Behavior	5	4	3	2	1
1.	I am satisfied with the customer service offered by Britam Life Assurance Ltd Kenya (Britam Life)					
2.	I will buy more life insurance policies if the firm introduces new ones					
3.	I have maintained my loyalty to the life insurance products and services offered at Britam Insurance					
4.	I have no intention of purchasing the life insurance products offered by Britam Insurance					
5.	I would gladly refer my friends and families to purchase life insurance products from Britam Insurance					

Part C: Direct Distribution Channels

Kindly answer the following questions based on your agreement with the following statements on the direct distribution channel at Britam Life Assurance Ltd Kenya. The scale level ranges from 1 – 5.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Direct Distribution Channel	5	4	3	2	1
1.	The firm offers quick feedback systems during the direct purchase of life insurance products					
2.	There is timely delivery of customer services at Britam insurance branches					

3.	I receive adequate customer complaint solutions at Britam insurance branches					
4.	I am able to view my customer data on the spot at the Britam branches					
5.	I generally receive adequate and fast service at the Britam branches					
6.	I appreciate the level of customer-staff interaction offered at Britam Branches					

Part D: Bank-Led Distribution Channels

Kindly answer the following questions based on your agreement with the following statements on the bank-led distribution channel at Britam Life Assurance Ltd Kenya. The scale level ranges from 1 – 5.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Bank-Led Distribution Channel	5	4	3	2	1
1.	I am aware of the Britam life insurance products offered through banks					
2.	I enjoy the convenience of purchasing life insurance products through banks					
3.	I enjoy the quality of services offered in purchasing life insurance through banks					
4.	I receive better pricing and negotiation opportunities if I purchase life insurance through banks					
5.	I receive better customer engagement in buying life insurance from banks					
6.	There is better service responsiveness from commercial bank channels					

Part E: Electronic Distribution Channels

Kindly answer the following questions based on your agreement with the following statements on the Electronic distribution channel at Britam Kenya. The scale level ranges from 1 – 5.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Electronic Distribution Channel	5	4	3	2	1
1.	The services offered through electronic channels are more reliable					
2.	I achieve better convenience in making purchases through electronic channels					
3.	There is better complaint handling through electronic channels					
4.	I incur minimal costs in making purchases through electronic channels					
5.	There is consistency in making purchases through electronic distribution channels					
6.	I can access more information on life insurance products from electronic channels					

Part F: Agency Distribution Channels

Kindly answer the following questions based on your agreement with the following statements on the agency distribution channel at Britam Kenya. The scale level ranges from 1 – 5.

Please indicate in the table with a tick (√) or across (×) with a scale of

5= strongly agree 4= Agree 3= Disagree 2= Strongly Disagree 1= Neither agree nor disagree

No	Agency Distribution Channel	5	4	3	2	1
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1.	I receive more logistical support when making purchases through agents					
2.	I enjoy the personal appeal and contact in making purchases through agents					
3.	Agency purchases offer me more valuable feedback					
4.	There is efficiency in handling complaints when dealing with agents					
5.	I am able to obtain more product knowledge when purchasing from agents					
6.	There is effectiveness in dealing with agents when purchasing life insurance products					



Appendix II: Ethical Review Letter



Strathmore
UNIVERSITY

24th August 2020

Mr Magati, Steve
kenceg.sm@gmail.com

Dear Mr Magati,

**RE: Influence of Distribution Channels on Consumer Purchase Behaviour
In the Life Insurance Industry: A Case of Britam Life Assurance Company
Kenya**

This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0875/20**. The approval period is **24th August 2020 to 23rd August 2021**.

This approval is subject to compliance with the following requirements:

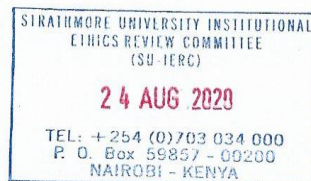
- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,






Dr Virginia Gichuru
Dr Virginia Gichuru,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC



Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email info@strathmore.edu www.strathmore.edu

Appendix III: NACOSTI Permit

 <p>REPUBLIC OF KENYA</p>	 <p>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION</p>
Ref No: 198507	Date of Issue: 04/May/2020
RESEARCH LICENSE	
	
<p>This is to Certify that Mr.. Steve Magati of Strathmore University, has been licensed to conduct research in Nairobi on the topic: INFLUENCE OF DISTRIBUTION CHANNELS ON CONSUMER PURCHASE BEHAVIOR IN THE LIFE INSURANCE INDUSTRY: A CASE OF BRITAM LIFE ASSURANCE COMPANY KENYA for the period ending : 04/May/2021.</p>	
License No: NACOSTI/P/20/4882	
198507 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Verification QR Code	
	
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