

IMPACT OF PERCEIVED VALUE TO PURCHASE
INTENTION IN LIFE INSURANCE INDUSTRY: THE
MODERATING EFFECT OF WORD OF MOUTH

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LIST OF ABBREVIATION

TPD	Total and permanent disability
CI	Critical illness
LIAM	Life Insurance Association Malaysia
ILP	Investment-linked policies
TRA	Theory of Reasoned Action
WOM	Word of mouth
TWOM	Traditional word of mouth
EWOM	Electronic word of mouth
CFA	Confirmatory factor analysis
EFA	Exploratory factor analysis
FL	Factor Loading
CA	Cronbach's Alpha
CR	Composite Reliability
AVE	Average Variance Extracted
CMV	Common Method Variance
IV	Independent Variable
DV	Dependent Variable
SEM	Structural Equation Model
SQ	Service Quality
PP	Perceived Price
PV	Perceived Value
PI	Purchase Intention
LS	Life satisfaction
PLS	Partial Least Square

CHAPTER 1

INTRODUCTION

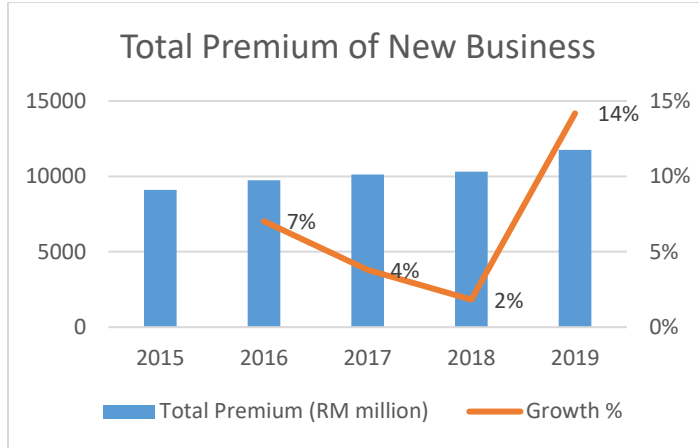
1.1 Introduction

Life insurance is service provided by life insurance companies (insurer) to the consumers to hedge their risk relating to their health and financial support. In other words, consumers transfer their exposure of unexpected financial loss due to death or disability to the insurer. The policy owner, not necessarily the insured are required to pay the premiums monthly or annually set by the insurer. By referring the sum assured amount in the insurance policy, the insured or the beneficiary of the policies can receive financial amount (death benefit) from the insurers when the insured suffered from death or total and permanent disability (TPD). In the recent products, Critical Illness (CI) rider and Medical Insurance rider are often included in the life insurance policies for wider life insurance coverage.

The death benefit can be paid according to policy owner preference, such as lump sum payment, monthly payment, semi-annually or annuity. There is also additional benefit provided by certain insurance companies such as health insurance, premium waiver, or premium holiday subjected to the terms and policy of respective insurance policies.

1.2 Background of Study

Figure 1: Total Premium of New Business.



Sources: LIAM, 2018, 2019, 2020

Growth of insurance industry (total premium of insurance) is as shown in Figure 1. The total premium of New Business had grown from RM 9,107.4 million to RM 11,765 million from 2015 until 2019. The premium has experienced an average growth of 5% for the past five years. Even though the life insurance industry in Malaysia has been growing, the life insurance penetration of Malaysia is still low. Based on Life Insurance Association of Malaysia (LIAM) President statement from September 2020 #BUKAN EXTRA campaign, the insured population in Malaysia are up to only 41% of the whole population for the past 5 years (Krishnan, 2020). However due to Covid-19, the insurance industry experience even higher growth of 44% in the business premiums in the third quarter of 2020. In particular, the individual new business premiums experience a growth of 32% in the third quarter of 2020. The low penetration of life insurance in Malaysia has shown the low awareness of Malaysia residents of the importance of life insurance. However, the issues have been improving as more and more people are starting to get protection from life insurance policies as shown in the growth of total premiums. Life insurance protects the individual or his/her family against uncertainty. The non-tax deferrable amount, or the sum assured is provided by the insurer in the case of death, TPD and CI. This can help to reduce the burden as the

amount provided can pay the financial liability such as debt, mortgage, or funeral expenses of the insured.

The importance of life insurance to hedge against uncertain risk is shown after the outbreak of Covid-19. Thus, consumer behaviour in insurance industry needs to be studied to understand the reason of low life insurance penetration. This study can provide insights to all life insurance companies in Malaysia to improve their products or services so that more consumers will purchase life insurance. This will help to increase the life insurance penetration of Malaysia.

Consumer purchase behaviour is a complex thinking process which is affected by both external and internal factors, range from short-term to long-term emotional concerns (Suelin, 2010). Before consumers make a purchase, it usually involves a lot of process and evaluation, which includes the cost, benefits, interest, passion, motive, and payoff. The complexity of thought process makes the purchase behaviour to be inconsistent throughout the time, which is the time inconsistency. Time inconsistency in the study is referred to the sudden changes of consumer's desire to buy a product due to a shift of consumer's preference (Hoch & Loewenstein, 1991). There are total of five phases for the customers to carry out the purchase behaviour (Iglesias & Guillén, 2004). The first step is to do research about the products in the market and determine the availability, quality, and price of the product. The second step is to evaluate the value of the products, which is considered as the customers' perceived value of the products. The third step is to compare and contrast the value of similar products in the market. The fourth step is to come up with a decision, whether to buy or not to buy. The decision will lead to the real purchase action. Finally, the customers will experience the post-purchase behaviour, which is the satisfaction of the products provided to the customers.

Companies need to develop and enhance their marketing strategies continuously to fight their competitors in the market. Only then, life insurance companies can attract more customers at the same time retain their past customers to gain profit. Therefore, companies need to capture the real time demand of the products in the process of

strategy planning for their business. It is meaningless if the companies are going to sell more products but there are no customers to buy it.

Referring to the history of consumer behaviour study on life insurance, the study from Hammond et al. (1967) is one of the first few who has studied consumer behaviour in the life insurance industry. Throughout these 60 years, many researchers had studied the consumer behaviour in life insurance purchase and from their studies, there are different determinants of life insurance demands which include demographic factors, risk aversion, bequest motive, financial motives, social aspects, service quality and marketing aspects.

1.3 Problem Statement

Although there are many factors of life insurance demand studied in the past, the reason for low life insurance penetration in Malaysia may be due to the unworthiness of the products. Malaysia customers may view life insurance products as low value and unwilling to pay money to purchase life insurance. Therefore, this study will study from the customer's perceived value of life insurance to determine their purchase intention.

Customer's perceived value is the amount of price that customer are willing to pay for certain products or services (Kortge & Okonkwo, 1993). When customers want to purchase a certain goods or services, customers' perceived value plays a big role in deciding the purchase decision. In short, customers are more willing to buy the life insurance if they perceived life insurance as a high value product. Research by Nguyen et al. (2018) indicates that corporate image and service quality have a positive effect on perceived value which leads to customer satisfaction and loyalty in life insurance industry. On the other hand, price factor is shown to be insignificant in influencing perceived value which is different from the researcher's hypothesis. The price factor defined in the research inclined towards the monetary price. It is shown in other studies that non-monetary price also affects the customers' valuation in their purchase process

(Abu-Salim et al., 2017; Iglesias & Guillén, 2004; Jen & Hu, 2003). Therefore, there is a research gap on how non-monetary price will affect customer's perceived value.

Moreover, perceived value is not the only consideration, customers often look for review or opinion from past customers of the products or services. Customers listen to their family and friends, or the online customers review to determine whether the products are genuine as the description stated. The influence of word of mouth on purchase decision has been studied in many sectors including life insurance sectors. Study shows that traditional word of mouth and electronic word of mouth have positive effect on customers' trust and subjective norm (Amron et al., 2018; Husin et al., 2016). Although the customers' trust and subjective norm affects the consumer purchase behaviour, the effect does not directly impact the customer's perception of the service value. Word of mouth provides not only the reliability of the products but also the information that may be hard to access from the customers, either in the positive way or negative way. The information received from word of mouth may affect the purchase intention as the customers received additional information that they are unable to find themselves. Therefore, it will result on how the consumers evaluate the services or products and their perceived value will change either positively or negatively. This study aims to investigate the relationship between perceived value and purchase intention in life insurance industry and also how word of mouth can moderate the relationship between perceived value and purchase intention.

1.4 Research Questions

The main idea of this research is to understand the purchase intention of consumers in life insurance industry. Therefore, the following question is studied:

1. What is the relationship between service quality and customer's perceived value?
2. What is the relationship between perceived price and customer's perceived value?

-
3. What is the relationship between customers' perceived value and life insurance purchase intention?
 4. What is the relationship between customers' perceived value, life insurance purchase intention and traditional word of mouth?
 5. What is the relationship between customers' perceived value, life insurance purchase intention and electronic word of mouth?

1.5 Research Objectives

The objective of this study is to:

1. Determine the relationship between service quality and customers' perceived value.
2. Determine the relationship between perceived price and customers' perceived value.
3. Determine the relationship between perceived value and purchase intention.
4. Determine the moderating effect of traditional word of mouth on the relationship between perceived value and purchase intention.
5. Determine the moderating effect of electronic word of mouth on the relationship between perceived value and purchase intention.

1.6 Significance of the study

The significance of this study is to provide information to LIAM and the life insurance companies in Malaysia to increase and improve the sales of life insurances policies to increase the low insured population in Malaysia. The results of this study can help to determine the preference of consumers on the insurance service and the determinants that will affect their purchase intention of life insurance services. This study can help life insurance companies to develop marketing strategies by determining the factors of life insurance purchase intention. Besides attracting more new customers, this study is also able to help the insurance companies to understand existing customers' intention

on life insurance purchase, which can contribute to enhance the services provided by the insurance companies.

From theoretical side, this research is able to contribute to the research gap in consumer behaviour of life insurance industry. The study of non-monetary price that affect the perceived value in life insurance industry will be examined. Furthermore, this research can also examine the moderating effect of both traditional word of mouth and electronic word of mouth on the relationship between perceived value and purchase intention. This can lead to further study in terms of word of mouth impact in consumer behaviour in life insurance industry, especially the impact on purchase intention.

CHAPTER 2

LITERATURE REVIEW

2.1 Life insurance

The life insurance industry is made up of businesses that offer risk protection in the form of insurance contracts. The basic premise of insurance is that one entity, the insurer, would guarantee reimbursement in the event of an unforeseen future occurrence. Meanwhile, the insured or policyholder pays the insurer a lower premium in return for coverage against an unforeseeable future event. Since it is risk management by the insurer, the consumers should know the concept of risk and identify the risk they are exposed to (Heo, 2020, 43). The risk of exposure includes property, liability, financial and human resources. The human resources are identified as the dependent of family, especially the individual who provided most of the household income. There are 5 types of life insurances.

First type of life insurance is term life insurance. The coverage of term life insurance ranges from 5 years to 30 years depending on the conditions of the insured. The term of payment of premium are not necessarily same as the policy term, policy owner may finish the total premium payment before the policy expired. The policy is effective on the effective date stated in the policy book. After the policy has exceed the coverage period, the policy is considered expired, the insured are unable to claim the death benefit even if they fulfilled the conditions (unless otherwise stated). Nonetheless, the

policy owner can apply to extend their coverage, or change to whole life insurance policy after the policy expired. It is not a guaranteed application as the insured are required to undergo medical underwriting before the approval of the policy.

Second type of life insurance is whole life insurance. Whole life insurance policies have longer coverage period (effective until 100 years old of insured age) comparing to term life insurance. There is an additional feature of whole life policy which is the accumulation the cash values (Brown & Goolsbee, 2002). A partial premium paid to the policy are used to save up the cash value. Upon the maturity of the policy whereby the insured owner has survived until 100 years old, the insured are able to receive the full cash value, excluding the surrender fee and outstanding loan. It is due to this feature that the premium of whole life policies is generally higher than term life policies. The cash values accumulated are tax-deferred therefore whole life policies are one of the financial saving applications for the consumers.

The third type of life insurance is the universal life insurance. Universal life insurance is similar to term life insurance with the addition of the saving components, accumulation of cash value, from the whole life insurance policies. Therefore there is 2 options of death benefits which is level death benefits and increasing death benefits depending on the cash value in addition with a fixed face value (Gatzert & Schmitt-Hoermann, 2011). Insured can switch between the 2 options of death benefit. The switch from level benefits to increasing benefits requires another underwriting and extra fee; the switch from increasing benefits to level benefits requires no underwriting and special fees.

The fourth type of life insurance is endowment life insurance. Endowment life insurance is a type of insurance that provide a lump sum payments to the insured person if the insured survive over the policy maturity date (Sain & Selimovic, 2013). There are 2 types of premium payment for endowment life insurance policies. The policy owner can choose to pay single premium, or multiple premiums periodically.

Lastly, the fifth type of life insurance is investment-linked policies (ILP). ILP provide both the insurance coverage and benefits related investment performance of the company. The premium payment is divided into 2 segments, which is the insurance payment and the investment. The investment of premium is affected by the sub-fund's performance. Thus, the cash value inside the policy does not have a guaranteed value. ILP's purpose is to help the consumers for their long-term financial planning. According to the preference of the consumers, the proportion for insurance and investment can be adjusted. This one stop solution fulfils both the insurance need and financial planning of the consumers.

Despite various types of life insurance exist, not every risk is insurable by the insurance companies (Heo, 2020,43). First of all, an insurable risk should be the same risk that enormous amount of people is facing. Next, the accidental and unintentional loss are insurable. Moral hazard which is count as intention loss are not insured able. Besides, the cause of loss is determinable and measurable by time. Next, the losses are measurable and does not affect huge portion of the insurance pooling. Finally, the losses are able to be forecasted based on the average of severity of losses and frequency of losses. Therefore, the encouraged individual to buy insurance is the individual with personal risks.

The main purpose of life insurance is offer protection to individual. Some types of life insurance policies also provide saving or investment features. Thus, individual needs to assess his/her needs before deciding on purchasing which type of life insurance policies. The primary concern should be the protection, then comes the financial and saving. Saving and investment services can be purchased from financial services therefore it is a good practice for individual to get insured with protection.

In this study, I am going to study the process of consumer purchase behaviour in life insurance industry using modified Theory of Reasoned Action (TRA). Study of consumers purchase behaviour are studied heavily in the past, which past research applied and modified TRA in their study. TRA describe that a person's purchase

behaviour is determined by their attitude toward performing a volitional behaviour and subjective norms (Ajzen & Fishbein, 1970). The study by Turel et al. (2007) modified TRA and constructed a conceptual framework that showed perceived value affects the behavioural intention of using short messaging service (SMS). Since one of the perceptions that drives customer's attitudes and behaviours is perceived value, perceived value is used as an antecedent of purchase intention in this study. Moreover, TRA explain that individuals will make decision that is rationale and systematically according to the information they have. This leads to an opportunity to explore the effect of positive word of mouth which influences the attitude of consumers and leads to their purchase intention (Prendergast et al., 2010). This study adopts the theoretical concept of both research and construct a new framework.

2.2 Dependent Variables

2.2.1 Perceived Value

Customer's perceived value is the amount of price that customer are willing to pay for certain products or services (Kortge & Okonkwo, 1993). However, some has defined perceived value can also be defined as "the customer's overall appraisal of the net worth of the service" (Hellier et al., 2003), net worth as in the difference between the amount of cost incurred by the customer and the amount of benefit of the services that customers received. This study is going to follow the definition from Korte and Okonkwo research as our objective is to examine the willingness of consumers to purchase life insurance service based on their perceived value. According to the study by Boksberger & Melsen (2011), there are 3 perspective of perceived value, which are the utilitarian perspective, behavioural perspective and operationalization perspective. Utilitarian perspective is constructed based on the common intuition of linear relationship of wealth and utility value, whereby the utility is inversely proportionate to the quantity of goods possessed. This is to say that utility is the individual perception of the value of money they possessed which is determined by risk and uncertainty.

However the price factor in assessing the consumer behaviour is not exactly significant as past studies has shown that the price factor is a complex aspects which influence consumer in different ways (Chang & Wildt, 1994; Jocoby, 1977; Monroe, 2003). Price is frequently used as benefit and sacrifice which is important but insufficient in defining perceived value. The sacrifice aspects of the perceived value include not only the monetary cost but also the non-monetary cost such as effort, search time and emotion.

Next, behavioural perspective is the more in-depth explanation than utilitarian value and sacrifices. It is more focus on the social interaction which contains an evaluation on the exchange ratio. Emotional value, practical value and logical value, the three dimension of perceived value is proposed by Mattsson (1991) based on the behavioural driven conceptualization by Hartman (1967). In the same year, Sheth et al. (1991) proposed a theory of consumption value which includes: Function value, Social value, Emotional value, Epistemic value and Conditional value. This model act as the based model which helps the following researchers to develop broader framework such as PERVAL (Sweeney & Soutar, 2001) and SERV-PERVAL (Petrick, 2002). PERVAL has been tested to be valid in pre-purchase and post-purchase context. However, there are arguments about these two models are heavily accessing the post purchase evaluation of the products, rather than the valuation of the purchase experience as a whole.

Lastly, the operationalization perspective multiplication or addition of the benefits and sacrifices which has been focus heavily in the above perspectives (Cronin et al., 1997). Multiplicative function is seeming like the ratio of benefits and sacrifices. Nevertheless, there is confliction between this function and sociological research which implies that cognitive process are determined in a linear additive form. Petrick (2004) has shown that the service quality, customer satisfaction and perceived value can predict behavioural intentions however are argued by other researchers that there is confliction due to their differences, similarities linkages, temporal order and overall relationship (Boksberger & Melsen, 2011). Numbers of empirical studies have been done model the

relationship of these factors but there is no concrete evidence to show that interdependence of operationalization perspective to other marketing theories.

In this research, this study is going to examine perceived value from behavioural perspective. Customers' perceived value in life insurance services can be referred as the protection they gain based on the premium they paid. The valuation of protection however is depending on the customers, whether the life insurance policies can provide them emotional support before any accident occurs, and the financial support in the case of accidents really happened.

2.2.2 Purchase Intention

Theory of Reasoned Action (TRA) describe that a person's purchase behaviour is determined by their attitude toward performing a volitional behaviour and subjective norms (Ajzen & Fishbein, 1970). Attitude is consider as the affect response toward a certain behaviour, which is the negative or positive feeling of an individual towards a behaviour; subjective norms is the belief of an individual about the significance of others' feeling toward the behaviour (Hale et al., 2002). Which is to say that an individual possesses strong behaviour intention if they have positive feeling towards the intention and he or she believe that others think it is important. TRA paves a way from consumers' perceived value towards the purchase intention, as TRA shows the consumers evaluate the perceived benefits and cost, which is indicated in this research as perceived value, before doing the purchase behaviour. Before the purchase behaviour occurs, there is one process to predict the purchase behaviour, which is purchase intention.

Furthermore, the process of how consumers search the products also significantly impact consumers behavioural intention according to TRA (Ajzen & Fishbein, 1970). This has led to the study of word of mouth utilizing TRA in consumer behaviour. Examples of impact of word of mouth includes attitude formation and behaviour, trust in online environment and informational motive (Bhayani, 2017).

Purchase intention is defined as the chances that customer will make a purchase, whereby the chances are affected by the consumer's perceived value (Wang & Tsai, 2014). Consumers will first base on their experience, preference and external environment to find information, then they evaluate the choices or alternatives, lastly make the purchase decision (Chi et al., 2011). The purchase of products comes only after customer has determined the value of the products through various stage of evaluation. If the customers perceived the products as a high value item which is worth to buy, they will have higher purchase intention, which is higher chances to buy the products. However, it does not indicate that the customers will purchase the products in the end.

In this study, I am going to utilize TRA in examine the effects of perceived value and the moderating of word of mouth in terms of consumer's attitude towards their purchase intention.

2.3 Independent Variables

2.3.1 Marketing Aspect

Marketing mix model (4Ps) developed by McCarthy (1965) is one of the pillar marketing strategy that are still frequently used in the present. Marketing mix consists of 4 factors, which are product, price, promotion, and place. These factors are used as ingredient in the marketing strategy. By focusing and analysing the market based on 4Ps model, the firm are able to satisfy the market easier (McCarthy, 1965). Later, the marketing mix model is integrated into 7Ps model which include the people, physical evidence, and process to suit the service sectors. In this research, this study is only focusing on 2 elements of the 7Ps model, which are product (service) and price. These 2 factors are examined due to the simplistic nature, which consumers can determine easily when they purchase a service or product.

2.3.1.1 Service Quality

Service quality is defined as the consequence of the comparison made between customers' expectations about a service and their perceptions on how the service was carried out (Caruana et al., 2000). Service quality is often recognized as one of the most crucial factor in terms of achieving competitive advantages for the organization which leads to the profitability of the organization (Paposá et al., 2019). Organization in the service sector must focus on producing the service which meets the expectation of the customers in terms of needs and requirement. Service quality that falls short of expectation is likely to have lesser customers to repurchase or recommend to others (Zeithaml et al., 1996).

There are different opinion on the dimension of service quality model (Chimedtseren & Safari, 2016). To evaluate the service provided by insurance companies, SERVQUAL model is used. SERVQUAL model introduced by Parasuraman et al. (1991) is multi-dimension research model which includes Reliability, Assurance, Tangibles, Empathy, Responsiveness. This model can capture the customers' perception and expectation about the certain company's service quality. The generic scale of SERVQUAL however is required to be modified based on the sectors need. Akbar & Parvez (2009) adapt SERVQUAL model in examine the impact of service quality on customer satisfaction and customer loyalty. The results show that both relationships are significant. The study by Butt and de Run (2010) has shown the importance of both the customers' perception and expectation of service quality in explaining the service quality of organization in hospital industry. Malik (2012) also examined the significant impact of perceived service quality in service sectors in Pakistan, which are banking, transport, courier, and telecommunication. The research is conducted by distributing questionnaire to customers from four of the sectors.

Aside from the SERVQUAL model, another conceptual framework is proposed by Sureshchandar et al. (2002) to determine the service quality factors. SERVQUAL instrument mostly examine the interaction between service provider and consumers,

and the tangible facets of the service. Thus, this model is developed to cover some of the elements in service quality that SERVQUAL instrument has overlooked. The framework consists of another five factors which are Core Service, Human Element, Systemization of Service delivery: Non-human Element, Servicescape, and Social Responsibility. Using the new developed model, Sureshchandar et al. (2002) has shown that there is significant relationship between service quality and customer relationship in India banking industry.

Although each of the developed model that are developed to examine service quality has shown their reliability, this study is going to adopt the SERVQUAL model proposed by Parasuraman et al. (1991) in this research.

There are previous studies which integrate the SERVQUAL model into life insurance industry. A questionnaire which consisted of 16 items from SERVQUAL model is used to determine the customers' perception and expectation (Sandhu & Bala, 2011). The researcher manages to receive 337 responds from the customers of Life Insurance Corporation of India located in the major city of India. Exploratory factor analysis is used to examine the dimensionality of SERVQUAL instrument. Although the results show the items used in the study are not supporting the five factor structure as proposed by Parasuraman et al. (1991), most of the items are relevant in measuring the service quality of the life insurance company.

In another study by Panigrahi et al. (2018), 215 respondents from Klang Valley are being surveyed in measuring the relationship between each of the factor in SERVQUAL and the purchase intention of life insurance. The respondents chosen are customers who had good experience with the insurance services. The results shows that 3 dimensions of SERVQUAL, which are tangibility, reliability, and responsiveness has positive relationship with the intention to purchase life insurance products. Besides, it is also shown that customer trust and customer satisfaction mediate the relationship between SERVQUAL and purchase intention.

2.3.1.2 Perceived Price

Customers' perceived price can be defined as how much they sacrifice or give up when they buy a product or service (Zeithaml, 1988). It is also the perception of the consumer on the price after comparison process (Martins & Monroe, 1994). According to the research done by (Crosby & Stephens, 1987), the customers that buy insurance service usually are not able to understand the service fully therefore the price of the policies are hard to compare. It is also mentioned in the same study that the customer often refers to only one agent to consult the insurance policies they need therefore price comparison is highly ineffective. However, the components of perceived price include not only the objective prices but also non-monetary prices (Zeithaml, 1988). The non-monetary prices can be further classified into time cost, search cost and psychic cost.

There are limited studies which examine the impact of non-monetary prices, as the non-monetary prices is hard to quantify. In the service industry, there are few research review the relationship of non-monetary price with customer satisfaction or perceived value.

Jen and Hu (2003) has used the concept of non-monetary prices in testing the customers repurchase intention on city bus. The study took place in Taipei whereby 75 questionnaires were given to 10 bus companies respectively in Taipei. The research shows that, the passengers concern more on the search, psychological and time cost than the monetary prices. Nonetheless, both the perceived monetary price and non-monetary price significant affect the perceived cost of passengers which influence their perceived value of the services.

Furthermore, the study by Abu-Salim et al. (2017) also indicates that customers' perceived cost include 4 dimension such as economic or monetary cost, time cost, human energy cost and psychological cost in health insurance industry. The result from the study shows that perceived cost has significant impact on both the perception of service quality and customer satisfaction, which leads to service-usage continuation

intention. In addition, Küster & Pascual (2021) also shows that non-monetary price has significant impact on purchase intention in hotel industry.

Moreover, Iglesias and Guillén (2004) also examine the impact of service quality and total perceived price to the customer satisfaction in restaurant located in Northeast of Spain. 156 valid surveys were collected. However, the total perceived price is shown to be insignificant factors to generate customer satisfaction. It is mentioned that customers had done the evaluation of price when they determine the service quality provided by the restaurant. Therefore, there is an indication that the total perceived price will influence the perceived value of the service provided. On the other hand, Tse (2001) said that while the quality of the service is an important factor in generating customer satisfaction, customer usually are unwilling to pay for higher price for better quality of service, assume that other aspects are held constant.

In the context of life insurance, Nguyen et al., (2018) emphasize more on the monetary prices when examine the customers' perception about price factors. The definition of price factor in this study is defined as "the extent of customer perception of insurance charges, the calculation of insurance costs, paying insurance premiums, handling complaints policies, and promotions of the insurance company" (Nguyen et al., 2018, p. 4). The results shows that the monetary prices do not have significant impact on perceived value. Another study mentioned that Price has not significant impact on customer satisfaction however it is explained by the insignificance quality of the insurance products in India life insurance industry, as customer would not want to pay higher price for low differentiation products (Ramamoorthy et al., 2016).

From the past studies, I know that the service quality is closely related to perceived price. Even though there are different arguments regarding customers' willingness to pay higher price for higher quality service, both factors have significant impact on perceived value. There exists inconsistency between the past research and lack of examination of non-monetary price in affecting customers' perceived value of life

insurance products. Therefore, this study will examine the relationship between perceived price and perceived value in life insurance industry.

2.3.2 Word of Mouth

Word of mouth (WOM) is the spreading information among people who do not have commercial intention to the receiver through verbal communication (Lin & Lu, 2010). One of the critical factors before service purchase decision is WOM (Parsa & Sadeghi, 2015). Most of the time, the most powerful advertisement is WOM provided that the person who advertise are someone who is close and trusted (Ennew et al., 2000). Research by Anderson (1998) is one of the earliest study which examine the antecedent of WOM. The data used in this research is from National Quality Research Centre which consists of consumers from different sectors. The research shows that consumer with strong satisfaction or strong dissatisfaction with the purchased products or services will give higher level of WOM. Martensen and Grønholdt (2016) research shows the difference of positive and negative word of mouth. The positive word mouth enhances the favourableness of service; so, it is able to increase the purchase intention. Positive word of mouth enhances the consumer's positive emotion significantly toward the services but are unable reduce much about the consumer's negative emotion. The negative word of mouth has the opposite implication. As one of the dimension of perceived value involves emotional value (Roig et al., 2006), both of these studies has shown that the consumer's perceived value and purchase intention of the products are easily influence by word of mouth. There are 2 types of WOM, which are traditional word of mouth and electronic word of mouth.

Traditional word of mouth (TWOM) is defined as a communication which is interpersonal and non-commercial among the associate (Cheung & Thadani, 2010). The informal communication among private parties or associate to discuss and evaluate about a product or service is known as one of the most significant and powerful communication channels for the firms (Keller, 2007). This is due to higher more trust element in TWOM comparing to seller's marketing media when consumers are seeking

for information (Goldsmith & Horowitz, 2006). Recommendation through TWOM can resonate more with the consumers due to private nature of the communication (Berger, 2014). Moreover, Arndt (1967) mention that the process of TWOM may be understood as pursuing social support in purchasing decision and as a form of reducing risk by group action.

The impact of TWOM had been studied in the past. Herr et al. (1991) had proven that positive TWOM communication has strong impact customer's purchase behaviour. The TWOM communication is proven to be more effective when customers are purchasing luxury products (Khan et al., 2014). Bansal and Voyer (2000) had shown the significant impact of TWOM on consumers' purchase decision. The effects of TWOM however are greatly affected by the sender's expertise, the relationship between sender and receiver, and receiver's perceived risk for the services.

Electronic word of mouth (EWOM) is defined as engage of the consumers by expressing their unbiased product information and advice on the product (Hennig-Thurau et al., 2004). Different from TWOM, EWOM communication can spread faster as due to the online medium, which is more convenience, easy to reach wide audience and no face to face pressure for the receiver (Phelps et al., 2004). The current technology development has made the searching information process easier for consumers. In turn, consumers can also find many reviews about other consumers' experience on products or services on their social media (Yap et al., 2013). Thus, social media is likely the best media to spread EWOM or promote reputation and image of a company (Christodoulides et al., 2012).

The effect of EWOM in consumer's behaviour had been heavily studied in the recent years. The study by Lin et al. (2010) has shown the importance of word of mouth as a recommendation sources for the intention of using e-books in academic digital library. Based on the study, the result analysis from 382 undergraduate and graduate students has shown that EWOM had are more reliable than the advertising recommendation. This is partly due to the easiness of receiving and interpreting the information, which

is one of the factor consumers' information utilization in products evaluation (Herr et al., 1991). Cheung et al., (2008) shows that the useful information obtained through EWOM communication can impact the consumer behaviour in restaurant industry. Study also shows that Saudi consumers will search for online reviews and comments which directly impact their consumer behaviour. (Mehyar et al., 2020)

The evaluation of products differs from consumers to consumers. Consumers may base on the hybrid strategy of combining the limited information they searched and recommendation from others to make the purchase decision (Olshavsky & Granbois, 1979). The influence of WOM are high dependent on how strong the feeling of consumers on interpreting and accepting the word of mouth information (Chatterjee, 2001). However, customers have higher chances in relying word of mouth information in an ambiguous situation (Bone, 1995). In this research, I am going to use only the effect of positive word of mouth to determine the moderating effect of word of mouth.

2.4 Formulation of hypothesis

Past study shows that service quality has significant impact on perceived value in various industries using both SERVQUAL model and Sureshchandar's model (Akbar & Parvez, 2009; Butt & de Run, 2010; Malik, 2012; Sureshchandar et al., 2002; Panigrahi et al., 2018). Besides, the modified SERVQUAL model by Nguyen et al. (2018) also proved that service quality has significant impact on perceived value and customer satisfaction in life insurance industry. When customers perceived higher service quality, the benefit they received or experienced from the service is higher, they will be more willing to purchase the service. Thus, this study hypothesized that:

H₀: Service quality has no relationship with perceived value.

H₁: Service quality has positive relationship with perceived value.

As cited above, customers usually are unable to understand the insurance service they bought. Customers will suffer informational asymmetry due to the complexity of life insurance products (Kjosevski, 2012). Thus, they will require more time and effort to

search for the information regarding insurance products. This will cause their perceived cost to increase therefore reduce their perception regarding the value of life insurance products. Therefore, this study hypothesized that:

H₀: Perceived price has no relationship with perceived value.

H₂: Perceived price has negative relationship with perceived value.

Gan & Wang (2017) had shown that the 3 dimensions of perceived value, which are utilitarian value, hedonic value, and social value has significant impact on purchase intention in social commerce context. In the E-commerce context, Peng et al. (2019) had shown that price value, functional value, emotional value and social value which are used as the variables of perceived value has significant impact on purchase intention. Ponte et al. (2015) had also shown the significant effect of perceived value on purchase intention in tourism industry. As perceived value is the amount of benefit received from the cost, therefore the higher the perceived value, the customers will feel more worthiness from the product which leads to higher purchase intention. So, this study hypothesized that:

H₀: Perceived value has no relationship with purchase intention.

H₃: Perceived value has positive relationship with purchase intention.

WOM has also shown moderating effects in previous studies. Nghia et al. (2020) showed that the moderating effects of WOM on the relationship between customer satisfaction and trust in offline shopping context. In turn, the increase in trust leads to higher repurchase intention. Study by Lin & Lu (2010) also shows WOM has moderating effect on the relationship between trust and purchase intention in tourism context. In medical tourism context, moderating effects of WOM has been shown on the effects of service quality, corporate credibility and corporate image to the perceived value (Lu et al., 2016). Another study also shows that word of mouth has positive effect on behavioural intention which includes purchase intention (Chang & Lee, 2020). Study from Meskaran et al. (2013) has shown the mediating role of word of mouth on the relationship between perceived value and purchase intention.

The presence of TWOM can moderate the relationship between perceived value and purchase intention of life insurance. This is due to the increase in chances that customers will buy the life insurance even if they have lower perceived value on the life insurance policy as they trust the recommendation from close associates. Therefore, for traditional word of mouth, this study hypothesized that:

H₀: Traditional word of mouth does not moderate the relationship between perceived value and purchase intention.

H₄: Traditional word of mouth moderates the relationship between perceived value and purchase intention, such that the relationship is stronger with higher scoring in traditional word of mouth.

Based on the previous research (Amron et al., 2018; Husin et al., 2016), electronic word of mouth has indirect positive effect on the intention to purchase Sharia insurance and takaful insurance. It is common that customers search for online comments and reviews about the products or services before any purchase. However, EWOM is different from TWOM as the source of EWOM may not reliable. Nonetheless, the positive reviews accumulate on the internet will helps consumers to indicate which life insurance company is trustable (Cheung et al., 2008). For EWOM, this study hypothesized that

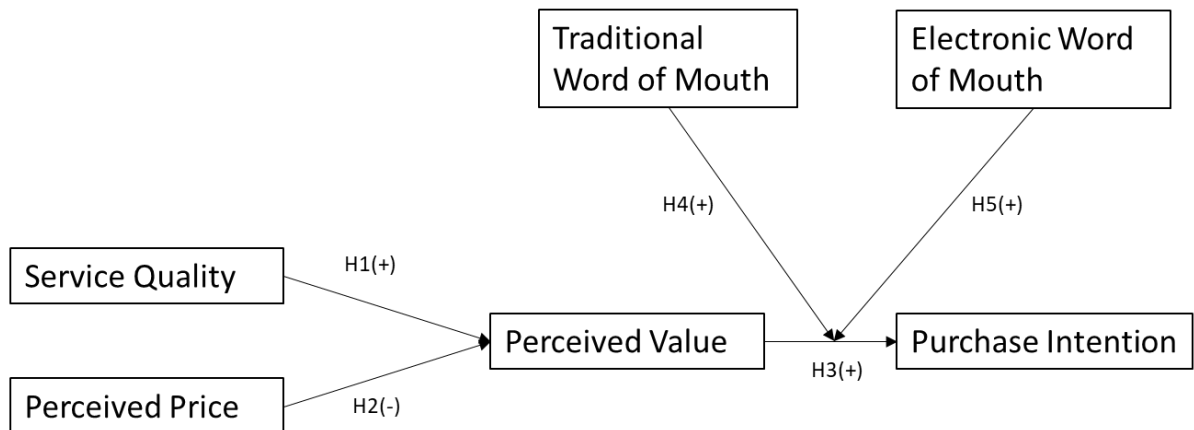
H₀: Electronic word of mouth does not moderate the relationship between perceived value and purchase intention.

H₅: Electronic word of mouth moderates the relationship between perceived value and purchase intention, such that the relationship is stronger with higher scoring in traditional word of mouth.

2.5 Conceptual Framework

By relating the all the relationship and variables mentioned, the following conceptual framework is developed.

Figure 2: Conceptual Framework.



Five hypotheses are deduced in this research as shown in the conceptual framework, which are:

H₁: Service quality has a positive relationship with perceived value.

H₂: Perceived price has negative relationship with perceived value.

H₃: Perceived value has positive relation with purchase intention.

H₄: Traditional word of mouth moderates the relationship between perceived value and purchase intention such that the relationship is stronger with higher scoring in traditional word of mouth.

H₅: Electronic word of mouth moderates the relationship between perceived value and purchase intention such that the relationship is stronger with higher scoring in electronic word of mouth.

CHAPTER 3

METHODOLOGY

3.1 Research Design

The research design used is quantitative research method. Quantitative research is portraying and explaining the phenomena of the observations by manipulating the observations in numerical form (Sukamolson, 2007). The analysis of numerical data can be done by using mathematical based method. Another definition of quantitative research is using empirical methods and empirical statements to study social research. In this study, I wanted to study about the behavioural intention of customers in life insurance products, therefore quantitative method is applied.

This research used the deductive approach to formulate and test the hypothesis. The primary source of data was collected from the consumers to be analysed and tested against the hypothesis of this research based on the literature review. Data collection was using surveys with structured questions, as this method can involve collecting data on a huge amount of variables from an enormous and representative sample of respondent (Hox & Boeije, 2005). The questionnaire was distributed through online channel using online Google Survey Form. This is a cross-sectional research design as the consumer behaviour change from time to time, the data collected within a limited time frame is more accurate for testing the hypothesis in this research.

3.2 Data collection method

Primary data are new and original data that are collected for planned research and are stored into existing inventory of social knowledge (Hox & Boeije, 2005). In this research, primary data was collected to answer our research objectives as stated in Chapter 1. The data collection was carried out through online. The distribution of online questionnaire was via social media such as Facebook, LinkedIn, and WhatsApp. The data collection was conducted for one month which started from October 2021 to November 2021.

3.3 Subjects and participants

Target population is important in determine the outcome of the research, as the research collects data and do inference based on the characteristic of the population. The participants involved in this survey are the residents of Malaysia. As the objective of this study was to determine the customers' perceived value of insurance products and the moderating effect of word of mouth, therefore the participants should be eligible to buy life insurance with personal income. Thus, the requirement of participants is that the participants must be 18 years old or above with personal income. The definition of Service Quality variable also indicates that the participants should have purchased life insurance before to have their perception of service quality of life insurance company. Therefore, responses from consumers that have not purchased life insurance were omitted.

Sampling method is divided into 2 categories, which are probability sampling and non-probability sampling. In non-probability sampling, the sample of participants does not need to be representative or chosen from random (Taherdoost, 2016). Nonetheless, clear rationale is needed for the involvement of individuals rather than others. The sampling method used in this study is non-probability sampling with the sample size 150 as there are no sampling frame for this study. The sampling method applied is

snowball sampling method. The sample size is to satisfy the recommendation of 20 cases per variable measured in path analysis model in the past literature (Kline, 2015). In this study, the number of variables in this study is 6, therefore a sample size of 150 is sufficient.

3.4 Instruments

The questionnaire in this study uses measurement items adapted from the past literature. There are 2 sections of the questionnaire. The first section contains questions about demographic factors which include gender, age, income, and educational level, location, numbers of life insurance policy purchased and name of the company of the life insurance purchased. The second section questionnaire collects data about the 6 variables which are service quality, perceived price, traditional word of mouth, electronic word of mouth, perceived value, and purchase intention. The items for each of the variables are organized in the table as shown in the Appendix. There are total of 25 items used in this study.

The first construct, service quality is measured using 5 questions, Item 1-5 as shown in the Appendix, to determine the customers' perception about the quality of service in life insurance companies. The questions is adapted from (Nguyen et al., 2018). The reliability score from the research is examined before adapting into this research. The Factor Loading (FL) of each of the 5 items are higher than or equal to 0.60. The variable has Cronbach Alpha (CA) of 0.77, Composite Reliability (CR) of 0.83 and Average Variance Extracted (AVE) of 0.74.

The second construct, perceived price, is measured using 4 questions, Item 6-9 as shown in the Appendix, to determine customer's perception of the sacrifice in purchasing life insurance products. The questions are adapted from Abu-Salim et al. (2017). Most of the items have Factor Loading higher than 0.7 except one. However, overall variable gives a CA of 0.7 and AVE of 0.51.

The third construct is the perceived value, Item 10-13 as shown in the Appendix, to measure the customers' perception about the value of life insurance products. The questions are adapted from Nguyen et al. (2018). All items in this variable has FL higher than or equal to 0.60. The variable has CA of 0.68, CR of 0.81 and AVE of 0.84.

The fourth construct is purchase intention, Item 14-16 as shown in the Appendix, to measure the willingness of customers in purchaing life insurance products. The questions are adapted from (Jalilvand & Samiei, 2012). Each items has FL higher than 0.5. The variable shows CA of 0.727, CR of 0.801 and AVE of 0.670.

The fifth construct is TWOM, Item 17-20 as shown in the Appendix, to measure the customers' perception about TWOM in life insurance products. The sixth construct is electronic WOM, Item 21-25 as shown in the Appendix, to measure the customers' perception about EWOM in life insurance products. Both of these constructs are adapted from Amron (2018). All 4 items in TWOM and 6 items in EWOM has FL higher than or equal to 0.7. The AVE score for TWOM and EWOM is 0.81 and 0.7 respectively.

The validity and reliability of all items are tested in their respective research study. Despite that, this research will do the validity and reliability test again.

Respondents in this research were asked on how agreeable they are with the statements on 5-point Likert scale with; 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neutral, 4 indicates agree, 5 indicates strongly agree.

3.5 Common Method Variance

Chang et al. (2010) mentioned that when research study used self-report questionnaires to collect data at the same time from the same participants, it is possible that common

method variance (CMV) will be an issue. CMV can be defined as “variance that is attributable to the measurement method rather than to the construct of interest” (Podsakoff et al., 2003). CMV can also be understood as response biases, an apparent correlation among the variable (Chang et al., 2010). Type I and Type II errors may be generated by CMV as it boosts or weakens the relationship between constructs. Therefore, it is recommended to use one or more marker variable that is theoretically irrelevant predictor (Lindell & Whitney, 2001). The marker variable is to estimate the effect of CMV. In this research, life satisfaction is being included as a marker variable in the measurements. The marker variable construct consists of 3 items and are narrowly defined as recommended by Lindell and Whitney (2001).

3.6 Data Processing

Data processing is crucial to make sure that the data collected from the survey is able to transform into useful and meaningful data. There are several stages of data processing.

The first step of data processing is data checking. The questionnaires are checked for typo error or grammar error to prevent misunderstanding from the respondents. The answer will differ if respondents misunderstood the question which leads to inaccuracy of the result of this study. The second step is data cleaning. This step is to clean up the data collected and organized them for the following stage. The errors and irregularities such as incomplete responds or are checked and eliminated to produce higher quality data for data analysis. This will also lead to higher accuracy for the result of the study. The third step is data coding. The organized data is input into statistical software such as SPSS and SmartPLS for data analysis. The fourth step is data analysis. There are different types of analysis that can be done for the collected data to provide interpretation for the study. The types of data analysis will be discussed in the next section. The final step is data output. The analysis result from the previous step is output

into different from such as graph, chart, or table for interpretation. The result is being translated and discussed as the findings of the study.

3.7 Descriptive analysis

Descriptive analysis is used to show the demographic profiles of the respondent. The analysis is able to classify the relationship between every variable consisted in the questionnaire, especially the demographic factors. Statistics such as mean, mode, and median are used to analyse the variable. The presentation of the results can be in the form of table, chart, or graph for the ease of interpretation. Specific pattern of data can be identified in descriptive analysis.

3.8 Inferential statistics

Inferential statistics utilize the data collected from the sample to make conclusion or generalization about the entire population of interest. The basics of inferential theory are probability theory and the process of hypothesis testing (Allua & Thompson, 2009). There are 2 types of inferential statistics, which are parametric and non-parametric statistics. Both statistics are used depending on the measurement scales of the variable, such as nominal scale, ordinal scale, interval scale and ratio scale. In this research, the measurement scale of each variable in the questionnaire are classified as shown in Table 1.

Table 1: Measurement scale for each variable.

	Variables	Measurement scale
Part 1	Gender Age, Education level, Income, Location, Number of life insurance policy purchased	Nominal Ordinal

Part 2	Service Quality, Perceived Price, Traditional WOM, Electronic WOM, Perceived Value, Purchase Intention	Interval
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Non-parametric statistics are used for variables that do not have normal distribution, such as nominal data or ordinal data. Central tendency appropriate to measure the variables is median compared to mode. On the other hand, parametric statistics are used for interval and ratio data. It requires the assumption that the data is normally distributed in the population. Parametric statistics are often used to address research question (Allua & Thompson, 2009).

There are numerous statistically significant tests used in inferential statistics. Each test have their own purpose such as appraising differences, examining relationships, and forecasting predictions (Allua & Thompson, 2009). It is recommended to use procedure that suit the research study and research design. The statistical model that are used in this research will be discussed in the next section. The research tools used to carry out the test are Statistical Package for the Social Sciences (SPSS) and SmartPLS.

3.8.1 Confirmatory factor analysis

Confirmatory factor analysis (CFA) is a type of structural equation modelling that determine the relationships between observed measures or indicators and latent variables or factors (Harrington, 2009). The target of this model is to determine factors that caused the variation and covariation between a set of variables. Such factor is an unobservable variable that influenced many observed measures and caused the intercorrelation among the observed measures.

CFA concepts comes from the common factor model, which mentions that “each indicator in a set of observed measures is a linear function of one or more common factors and one unique factor” (Moore & Brown, 2012). Common factor model consists of 2 types of analysis, Exploratory Factor Analysis (EFA) and CFA. Approach to EFA is that the measurements are not set to a common factor initially. Researcher used EFA to determine and classify the measurements into various latent dimension. Different from EFA, CFA requires the number of factors and the pattern of indicator-factor loadings in advanced. In other words, the factor model consists of measurements that are pre-set under their respective variable with the support from empirical or conceptual foundation. CFA is used to examine the latent structure of research instrument. It can verify the number of underlying dimensions, or so-called factors, and the pattern of item-factor relationships by calculating the factor loadings. Usually, researcher will use EFA for scale development and validation construct in early phase of research, then CFA is used after underlying structure for the research is complete (Moore & Brown, 2012).

In this research, EFA analysis is not being used as the research instruments had been tested for their reliability and validity in their study. Therefore, CFA is used in this research to test the validity of the construct and whether measure is consistent across population (Harrington, 2009).

3.8.2 Path Analysis/ Structural Equation Modelling

In usual multiple regression analysis, researcher aims to measure the impact of several measured variables (IVs) on another measured variable (DV). Multiple regression is a model examine the linear relationship between IVs and DV and predict the outcomes of DV. However, when the model become more complicated, there are more than 1 DV for instance, multiple regression analysis cannot be used. In a circumstance that each of the variables can indirectly impact other variables (not linear relationship) , Path analysis / Structural Equation Modelling (SEM) is used to clarify the relationships among the variables (Ullman & Bentler, 2011).

The research by Ullman & Bentler (2011) explained SEM in details. SEM is used to measure the relationship between one or more independent variables and one or more dependent variables. There is no restriction on the measurement types of variables for both independent and dependent variables. The first step of SEM is mentioned in the previous subchapter, CFA. CFA is used to construct and specify a model. The model is then estimated, evaluated, and possibly modified. The target of SEM analysis is to examine a model, or to examine the specific hypotheses about a model. Technique of SEM engages a comparison between an empirical covariance matrix, which is referring to the dataset, and an estimated population covariance that is produced as a function of the model parameter estimates. The parameters include path coefficient, variance, and covariance. As long as the model is reasonable, the model parameters can be used to test the relationships among the variables.

In this study, there are 2 dependent variables which are perceived value and purchase intention. In addition, TWOM and EWOM work as moderating variable between perceived value and purchase intention. This indicates that not all of the relationships among the variables are linear relationship. Thus, SEM is chosen to test the research hypothesis due to its suitability.

3.9 Pilot Test

Before the data collection for the research began, another sample of the population is required to determine the validity and reliability of the questionnaire constructed. Despite each measurement has undergone reliability test and validity test in their own research, the population targeted is different in this research, thus reliability and validity of the newly constructed questionnaire is being tested using pilot test. Pilot test or pilot study is being used for different purposes, which include assessment of adequacy of instrumentation (Prescott & Soeken, 1989). The goal of pilot test is to examine the performance of the items adopted from the past literature. Therefore, it is

not recommended to make final decision to include or delete items based on the results of pilot test.

Past researches has not determined the appropriate sample size for pilot test. Nieswiadomy (2002) recommended to use 10 participants for pilot test while Lackey and Wingate (1997) recommended to use 10% of the sample size set in the research. Nonetheless, the final sample size for pilot test is to be determined in consideration of time constraint, cost, and characteristics of the population.

According to Central Limit Theorem (CLT) , when the sampling distribution of sample mean increases, it will approach normality for most of the distributions (Islam, 2018). Thus, sample size of 30 is suggested to produce approximately normal sampling distribution for the sample mean. In this research, I am going to follow CLT to carry out the pilot test. 30 respondents will be surveyed first to perform reliability test on the instruments.

3.9.1 Pilot Test result

The responses received for the pilot test are tested for its reliability using statistical tool, SPSS. The method used to test reliability in this research is using internal consistency reliability estimate. This method uses many available internal equations to comes out with reliability estimate based on a single form of test administered (Brown, 2009). There are several flavours to report the internal consistency reliability however Cronbach's alpha will be used due to its flexibility. Cronbach's alpha estimates the proportion of variance in the test scores that can be attributed to true score variance. The alpha value is range from 0.00 which means no variance is consistent, to 1.00 which means all variance is consistent. The responses from pilot survey are coded into SPSS, the result from the reliability analysis is as shown in Table 2.

Table 2: Reliability analysis result from SPSS.

Items Abbreviation	Items	Variable	Cronbach's alpha value
SQ1	Products or services offered by the insurance company are easily accessible.	Service Quality	0.88
SQ2	The terms and clauses of the insurance contract are clear and easy to understand.		
SQ3	The insurance company performs the services as promised.		
SQ4	The insurance company always provides documentation correctly.		
SQ5	The insurance companies always provide various insurance policies to the customers.		
PP1	Life insurance premiums are very reasonable.	Perceived Price	0.82
PP2	It is easy to search for suitable life insurance products.		
PP3	The purchase process of life insurance products is quick and simple.		
PP4	I don't feel any risk about the life insurance not paying out.		
PV1	The company's insurance policy provides additional benefits.	Perceived Value	0.82
PV2	The company's insurance policy provides flexibility.		

PV3	The insurance coverage meets my expectations.		
PV4	I am generally aware about the value of insurance products that I had purchased.		
PI1	I will purchase/maintain life insurance.	Purchase Intention	0.84
PI2	I am willing to recommend life insurance policy to others.		
PI3	I will purchase other life insurance products in the future.		
TWOM1	My family said positive things about the life insurance.	Traditional Word of Mouth	0.87
TWOM2	My close friend said positive things about the life insurance.		
TWOM3	The experts recommended to buy life insurance.		
TWOM4	My colleague recommended that I buy life insurance.		
EWOM1	I often read other consumers' reviews online stating that life insurance claims are paid immediately.	Electronic Word of Mouth	0.89
EWOM2	I often read other consumers' reviews online stating that the arrangements of life insurance claim documents are very simple.		
EWOM3	I often read other consumers' reviews online stating that the		

	procedure of buying a policy is very fast.		
EWOM4	I often communicate with insurance customers online to find out what life insurance rate premium is appropriate.		
EWOM5	I often communicate with insurance customers online to find out if the online service of a life insurance company is good.		
LS1	I feel satisfied with my self-care ability.	Life Satisfaction	0.86
LS2	I feel satisfied with my family life.		
LS3	I feel satisfied with my vocational situation (vocational situation = the skills and education that prepares you for your job).		

Cut-off value of Cronbach value is recommended at 0.70 or 0.75 for reliability of the test (Christmann & Van Aelst, 2006). Cronbach's alpha value of all variables are over the cut-off value. Therefore, I conclude that the items developed and used in this research achieved the internal consistency reliability and I will proceed to use the same items for data collection.

3.10 Data collection

The amount of questionnaire collected in this study is 189 sets. The responses received from the 189 sets also included participants who had not purchased life insurance before. Thus, those responses are omitted, which result to only 151 effective responses received from the questionnaire (79.9% effective rate).

CHAPTER 4

DATA ANALYSIS

4.1 Descriptive analysis

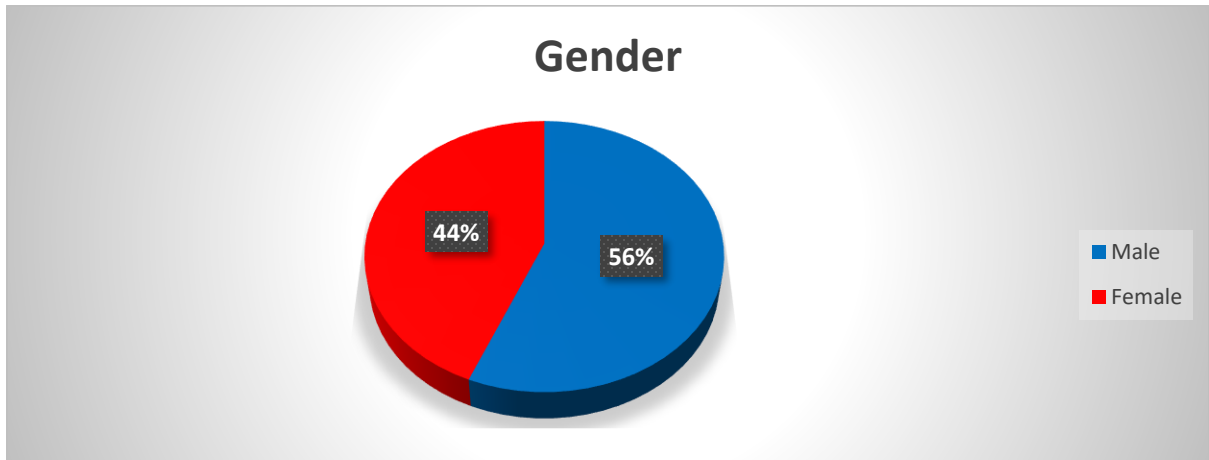
Prior to inferential statistics or the hypothesis testing, descriptive analysis is done to understand the demographics background of the respondents and overview of data collected.

4.1.1 Gender

Table 3: Frequency Distribution of Respondents' Gender.

Gender	Frequency	Percentage
Female	66	43.71%
Male	85	56.29%
Total	151	100.00%

Figure 3: Pie Chart of Respondents' Gender.



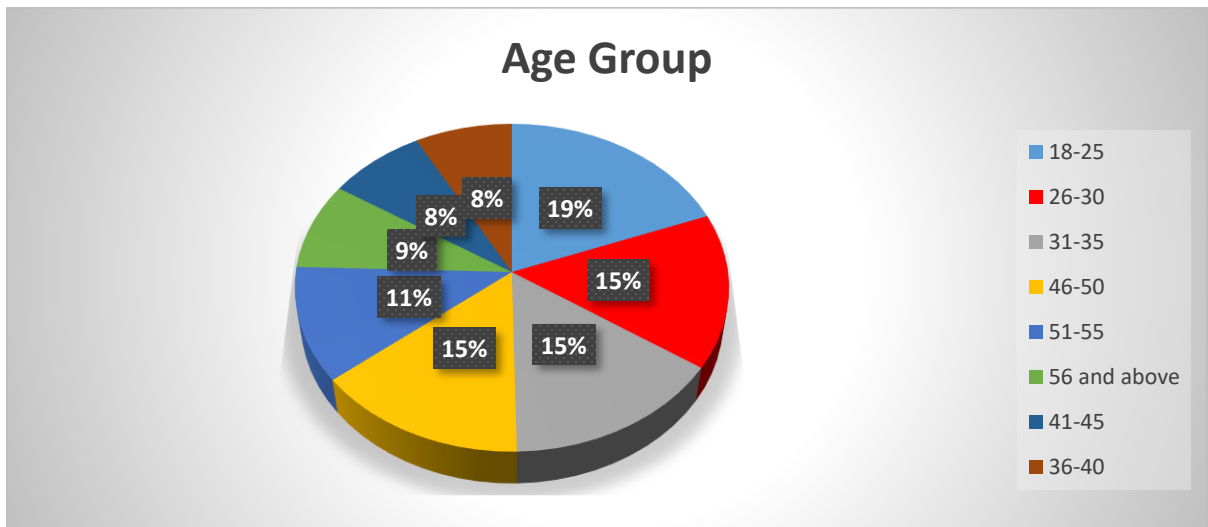
There are total of 66 (44%) female and 85 (56%) male respondents participated in the survey, which result in 151 responses.

4.1.2 Age Group

Table 4: Frequency Distribution of Respondents' Age Group.

Age Group	Frequency	Percentage
18-25	29	19.21%
26-30	23	15.23%
31-35	23	15.23%
36-40	12	7.95%
41-45	12	7.95%
46-50	22	14.57%
51-55	17	11.26%
56 and above	13	8.61%
Total	151	100.00%

Figure 4: Pie Chart of Respondents' Age Group.



Most of the respondents are in the age group of 18-25 years old, which consists of 19% of the respondents. Three age groups, that is 26-30 years old, 31-35 years old and 46-50 years old, each account nearly the same percentage of respondents, which is 15%. A total of 9% of the respondents are 56 years old and above. Respondents who are in the age group of 36-40 years old and 41-45 years old, each account for 8% of the total respondents.

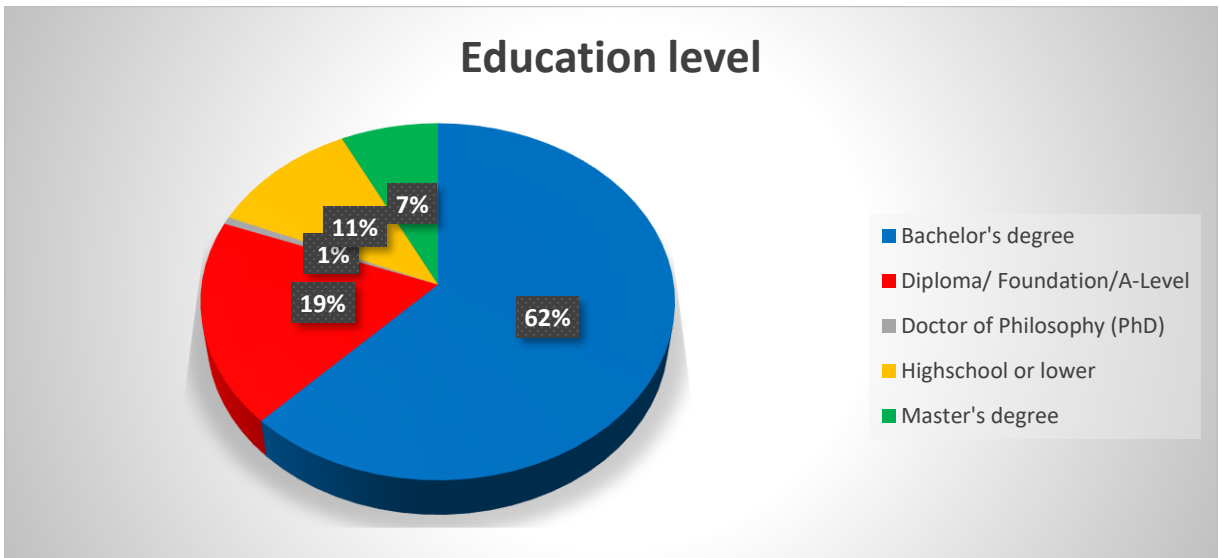
4.1.3 Education Level

Table 5: Frequency Distribution of Respondents' Education Level.

Education Level	Frequency	Percentage
Bachelor's degree	94	62.25%
Diploma/ Foundation/A-Level	28	18.54%
Doctor of Philosophy (PhD)	1	0.66%
Highschool or lower	17	11.26%

Master's degree	11	7.28%
Total	151	100.00%

Figure 5: Pie Chart of Respondent’s Education Level.



In terms of education level, most of the respondents have completed their Bachelor’s degree study. This group accounts for 62% of the total respondents. Following the Bachelor’s degree, 19% of the respondents have completed their education to Diploma/Foundation/A-Level. 11% of the respondents have only completed their education to high school or lower. In addition, there are 7% of the respondents obtained their Master’s degree. There is only one participant in this study who has completed a Doctor of Philosophy (PhD).

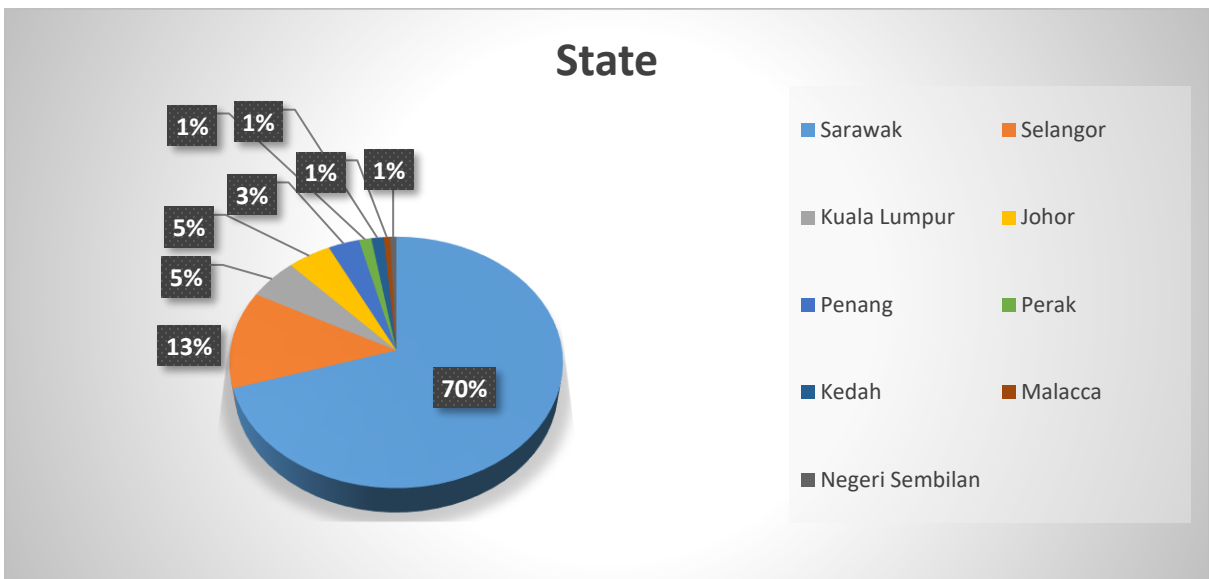
4.1.4 States (Location)

Table 6: Frequency Distribution of Respondents’ State.

States	Frequency	Percentage
Sarawak	106	70.20%

Selangor	19	12.58%
Kuala Lumpur	8	5.30%
Johor	7	4.64%
Penang	5	3.31%
Perak	2	1.32%
Kedah	2	1.32%
Malacca	1	0.66%
Negeri Sembilan	1	0.66%
Total	151	100.00%

Figure 6: Pie Chart of Respondent's State.



In this study, respondents from Malaysia are eligible to participate in the survey; therefore, the respondents are classified based on the states they live. Most of the respondents come from Sarawak, which is 70% of total respondents. The second highest region is Selangor, which consists of 13% of total respondents. Both Kuala Lumpur and Johor provide nearly the same number of responses, which is 5% of total respondents respectively. 3% of respondents are living in Penang. The remaining 4%

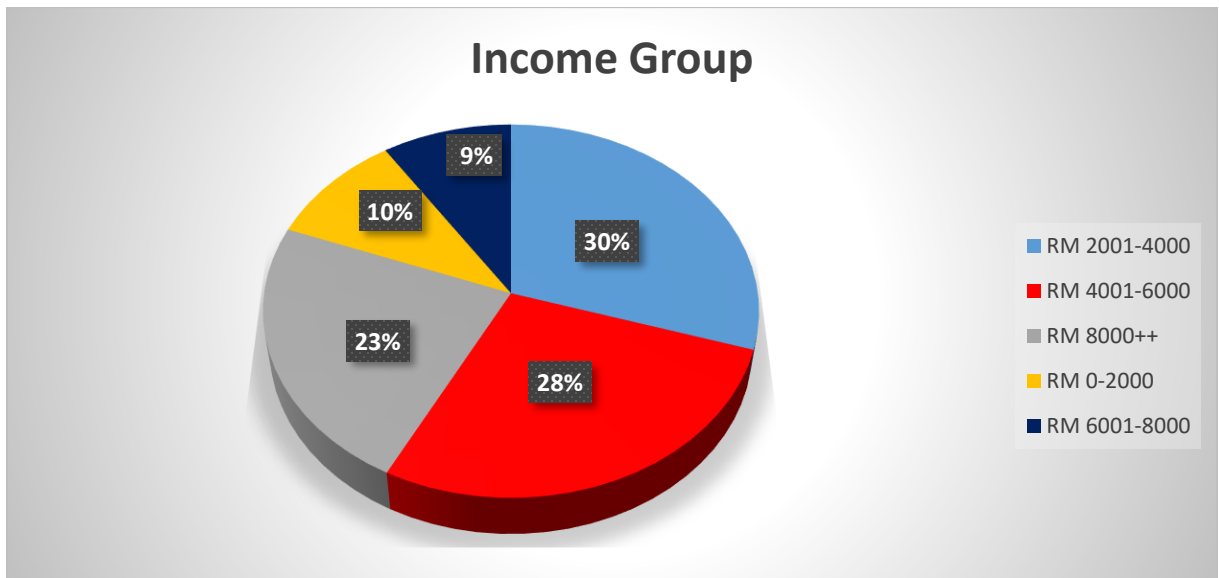
of respondents come from Kedah, Negeri Sembilan, Malacca and Perak, with 1% of respondents from each states respectively.

4.1.5 Personal Income (Monthly)

Table 7: Frequency Distribution of Respondents' Income Group.

Income Group	Frequency	Percentage
RM 2001-4000	45	29.80%
RM 4001-6000	42	27.81%
RM 8000++	35	23.18%
RM 0-2000	15	9.93%
RM 6001-8000	14	9.27%
Total	151	100.00%

Figure 7: Pie Chart of Respondent's Income Group.



In terms of the income group, 30% respondents have personal monthly income range from RM 2001-4000, which is the majority in this survey. The second group RM4001-6000 comes close to the first group, which consist of 28% of the total respondents. The

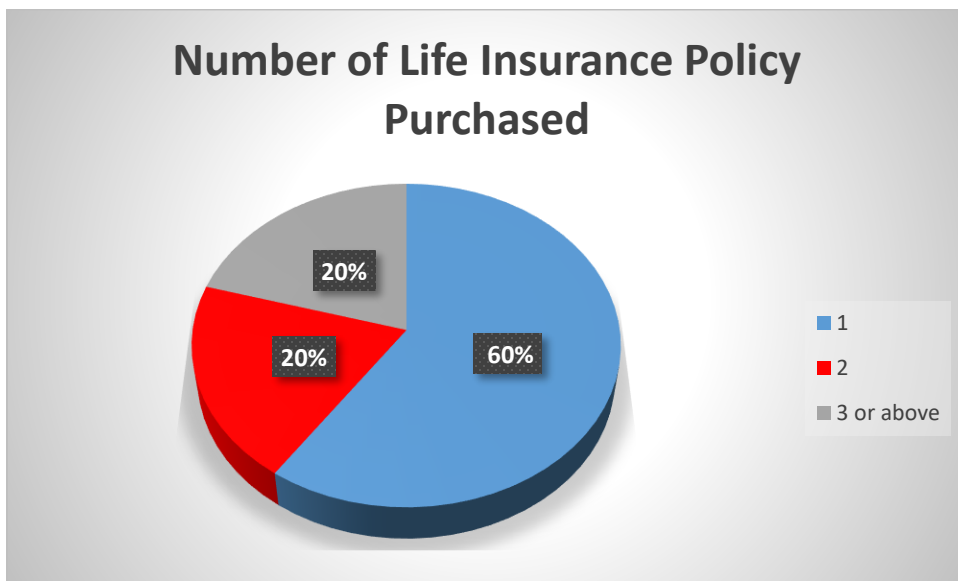
third highest income group, RM8000++ consists of 23% of the total respondents. Two of the least income group, which are RM0-2000 and RM6001-8000 consist only 10% and 9% of the total respondents respectively.

4.1.6 Number of Life Insurance Policies Purchased

Table 8: Frequency Distribution of Respondents' Number of Life Insurance Policy Purchased.

Number of Life Insurance Policies Purchased	Frequency	Percentage
1	90	59.60%
2	30	19.87%
3 or above	31	20.53%
Total	151	100.00%

Figure 8: Pie Chart of Respondent's Number of Life Insurance Policy Purchased.



Based on the number of life insurance policies purchased, most respondents have only purchased 1 life insurance policy, which consist of 60% of total respondents. The

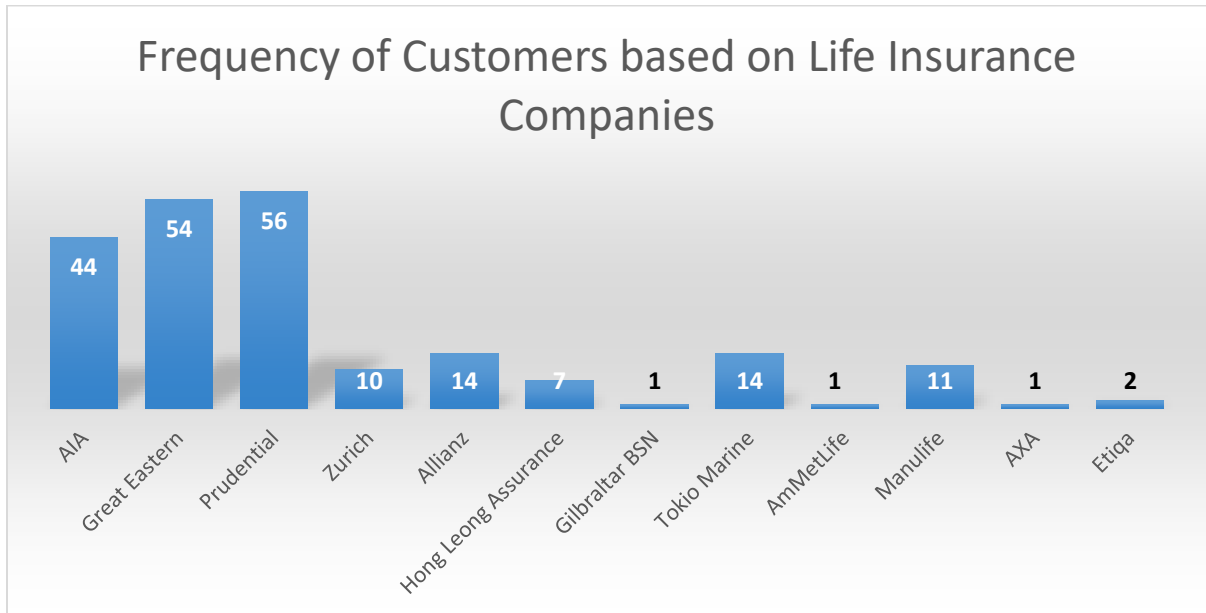
respondents who purchase 2 life insurance policies and the respondents who purchased 3 or more life insurance policy have nearly the same percentage, which is 20% respectively.

4.1.7 Life Insurance Companies

Table 9: Frequency Distribution of Life Insurance Companies.

Life Insurance Companies	Frequency	Percentage
AIA	44	20.47%
Great Eastern	54	25.12%
Prudential	56	26.05%
Zurich	10	4.65%
Allianz	14	6.51%
Hong Leong Assurance	7	3.26%
Gibraltar BSN	1	0.47%
Tokio Marine	14	6.51%
AmMetLife	1	0.47%
Manulife	11	5.12%
Total	151	100.00%

Figure 9: Bar chart of Customers based on Life Insurance Companies.



Based on the life insurance companies, the majority respondents bought life insurance from AIA, Great Eastern and Prudential (highest). Three of the companies consist of 71.63% of the total respondents. There are some customers who bought life insurance from Zurich, Allianz, and Tokio Marine. 4 of the companies consist of 22.79% of the total respondents. The remaining of the life insurance companies consist of only 4 respondents (1.86%).

4.1.8 Descriptive statistics of the measurement items

Table 10: Descriptive Statistics output from SPSS.

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
SQ1	151	1	5	3.715	.795	-.573	.476
SQ2	151	1	5	3.205	.982	-.295	-.433
SQ3	151	1	5	3.470	.855	-.555	.873
SQ4	151	1	5	3.675	.829	-1.037	2.030
SQ5	151	1	5	3.762	.862	-.657	.839
PP1	151	1	5	2.742	.883	.120	.047
PP2	151	1	5	2.543	.870	.667	.370

PP3	151	1	5	2.378	.846	.659	.733
PP4	151	1	5	2.781	.951	.311	-.162
PV1	151	1	5	3.338	.916	-.407	.230
PV2	151	1	5	3.318	.828	-.153	-.066
PV3	151	1	5	3.457	.854	-.579	.522
PV4	151	1	5	3.616	.863	-.806	.966
PI1	151	1	5	3.914	.800	-1.033	2.336
PI2	151	1	5	3.603	.841	-.499	.648
PI3	151	1	5	3.179	.953	.009	-.283
TWOM1	151	1	5	3.510	.871	-.338	.230
TWOM2	151	1	5	3.470	.790	.017	.022
TWOM3	151	1	5	3.642	.859	-.707	1.013
TWOM4	151	1	5	3.325	.928	-.286	-.048
EWOM1	151	1	5	2.881	.864	.045	.214
EWOM2	151	1	5	2.821	.809	.032	.273
EWOM3	151	1	5	3.159	.825	-.232	.448
EWOM4	151	1	5	2.828	.854	-.115	.102
EWOM5	151	1	5	2.841	.849	-.152	.177

From the descriptive statistics, I found that all the measurement items from both Independent Variables (IVs) and Dependent Variables (DV) have means fall between 2.841 and 3.914. All the variable has standard deviation less than 1 too. Thus, I conclude that there is no issue for the measurement of data. All measurement items have skewness ranged from -1.037 to .045, and kurtosis ranged from -.433 to 2.336. To determine the multivariate skewness and kurtosis of the data, this study used an online calculator (<https://webpower.psychstat.org/models/kurtosis/>) created by (Zhang & Yuan, 2018) to compute the results. The null hypothesis of the Webpower analysis is that there exist multivariate skewness or multivariate kurtosis.

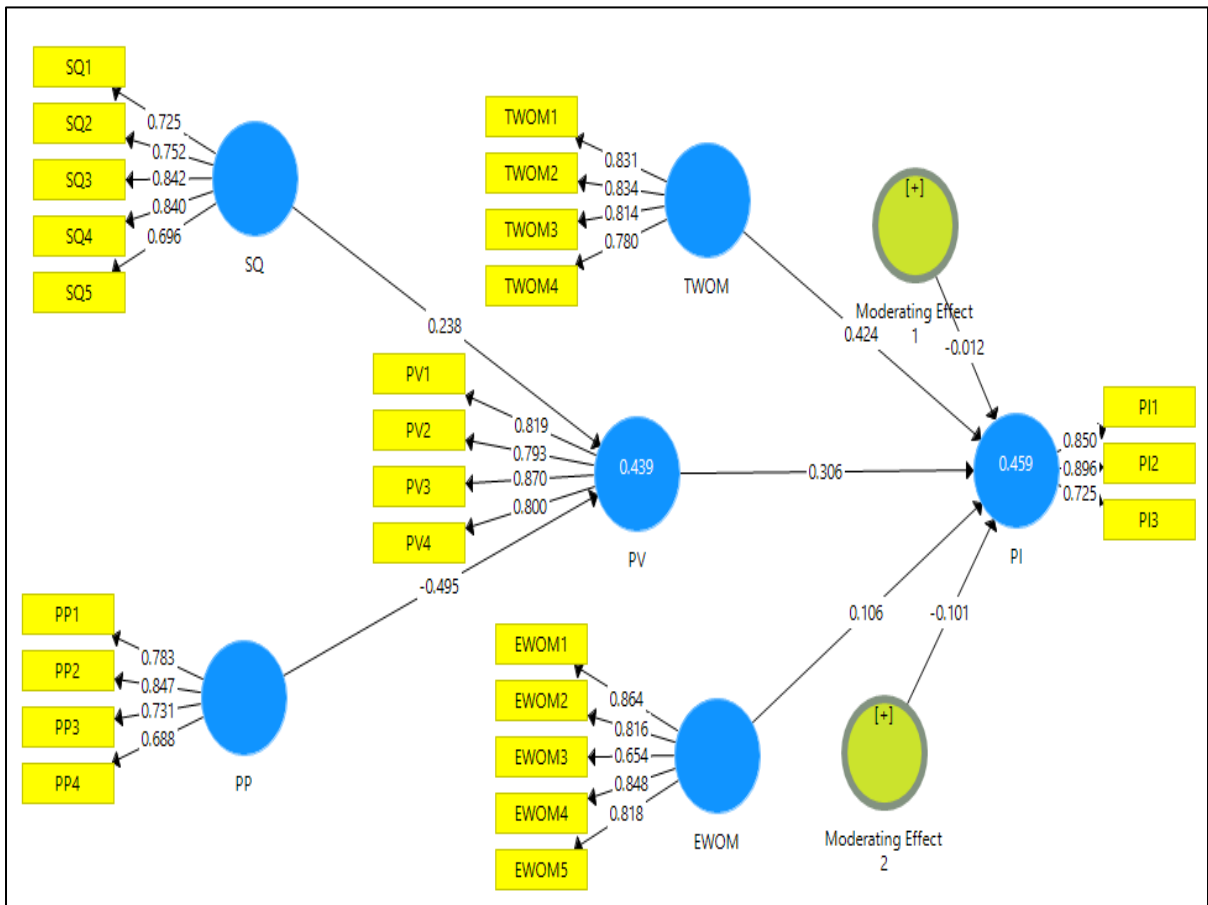
Figure 10: Webpower analysis result.

Mardia's multivariate skewness and kurtosis			
	b	z	p-value
Skewness	213.9932	5385.49442	0
Kurtosis	832.1159	26.27313	0

As shown in Figure 10, the p-value results for both Mardia's multivariate skewness and kurtosis are smaller than 0.05. Thus, there is significant evidence to reject null hypothesis. This study concluded that the data was not multivariate normal. This study can proceed to use the non-parametric analysis software, which is SmartPLS.

4.2 Confirmatory Factor Analysis

Figure 11: Statistical model (null model) output from SmartPLS.



The proposed framework in Chapter 2 was estimated by partial least squares path modelling using the statistical tool, SmartPLS. Statistical model/ path diagram is built by connecting the variables and creating causal direction between the variables. The

model is run on Partial Least Squares (PLS) Algorithm with maximum iteration of 1000. After that, complete bootstrapping is run with 500 subsamples to determine the statistical significance of PLS-SEM results. The output of SEM analysis from SmartPLS is shown in Figure 11.

Statistical assumptions such as no systematic missing data and sufficient sample size is required for to ensure accurate inferences. Missing data is absent and the sample size 151 has achieved the requirement as mentioned in Chapter 3. Variance Inflation Factor (VIF) of the variables (exclude Purchase Intention which is the dependent variable) are checked to determine the relationship between DVs.

Table 11: VIF output from SmartPLS.

Variables	VIF
EWOM	1.260
PP	1.507
PV	1.599
SQ	1.507
TWOM	1.641

All variables VIF value is lower than 5 as shown in Table 11 indicates that there is no multicollinearity between the variables (Joseph F Hair et al., 2016), thus no strong relation between each of the variables.

4.2.1 Construct Validity

Table 12: Factor Loading output from SmartPLS.

Measurement Items	Factor Loading
SQ1	0.725
SQ2	0.752
SQ3	0.842

SQ4	0.840
SQ5	0.696
PP1	0.783
PP2	0.847
PP3	0.731
PP4	0.688
PV1	0.819
PV2	0.793
PV3	0.870
PV4	0.800
PI1	0.850
PI2	0.896
PI3	0.725
PI1	0.850
TWOM1	0.831
TWOM2	0.834
TWOM3	0.814
TWOM4	0.780
TWOM1	0.831
EWOM1	0.864
EWOM2	0.816
EWOM3	0.654
EWOM4	0.848
EWOM5	0.818

Note: All factor loadings have p-value <0.05.

To examine the construct validity of the questionnaire, Campbell and Fiske (1959) has introduced the 2 aspects which are convergent validity and discriminant validity. Convergent validity is defined as how confident I am that the indicator is measuring its trait. According to Hair (2009), there are 3 criteria to achieve convergent validity which are:

- a) Average Variance Extracted (AVE) > 0.5
- b) Standardized factor loading of all items ≥ 0.5
- c) Composite Reliability ≥ 0.7

Based on Table 12, the factor loadings for all items range from 0.654 to 0.870. The factor loadings cut-off suggested by SmartPLS is 0.7 which indicates that SQ5, PP4 and EWOM3 may not correlate well with other items in their respective variables. To further investigate the items, a new model without said items is created and compared with the null model. The most common effect size measure is R-square (R^2), which is the coefficient of determination. R^2 indicates the amount of variance of the exogeneous variable that is explained by the model. In this case, there are 2 exogeneous variable which is Perceived Value (PV) and Purchase Intention (PI).

Table 13: R-square for null model and new model output from SmartPLS.

Variables	R-square (R^2)	
	Null Model	New Model
PV	0.459	0.461
PI	0.439	0.445

Note: All R^2 have p-value <0.05.

From Table 13, I know that only 45.9% of the variance in PV and 43.9% of variance in PI is explained by the null model. According to Höck & Ringle (2006), this R-square value (under 0.66 and bigger than 0.33) is considered as moderate strength. The new R^2 does not differ much from the null model. Thus, I retained the 3 items and continue with the null model.

Table 14: Construct Reliability and Validity output from SmartPLS.

	Composite Reliability (CR)		Average Variance Extracted (AVE)	
	Value	t-Statistics	Value	t-Statistics
EWOM	0.900	12.980	0.646	42.027
PI	0.866	18.043	0.684	40.788
PP	0.848	16.310	0.584	41.565
PV	0.892	19.012	0.674	55.425
SQ	0.881	17.727	0.598	56.192
TWOM	0.888	15.150	0.664	44.299

Note: All variables have p-value <0.05 for both CR and AVE.

Based on Table 14, all variables have CR value around 0.89. The critical value of t-statistics is 1.96, t-statistics which is bigger than 1.96 shows significance of the value. The t-statistics of the variables range from 12.980 to 19.012 which indicates that all CR values are significant (p-value <0.05). As for AVE, the values of all variables range from 0.584-0.684. All the AVE values also have very high t-statistics indicating all values are significant (p-value <0.05). All the criterion stated by Hair (2009) had been realized, so I conclude that convergent validity is achieved in this construct.

Table 15: Discriminant Validity output from SmartPLS.

	EWOM	PI	PP	PV	SQ	TWOM
EWOM						
PI	0.355					
PP	0.393	0.675				
PV	0.362	0.704	0.766			
SQ	0.427	0.521	0.713	0.615		
TWOM	0.377	0.753	0.631	0.72	0.654	

Divergent validity is defined as the extent of irrelevant between the measures of different traits. There are 3 different ways to evaluate divergent validity, such as Cross-Loading, Fornell-Lacker criterion and Heterotrait-monotrait (HTMT) ratio of correlation. HTMT will be used due to its stronger performance as proved by Hensler's research as it is able to achieve specificity and sensitivity rate (Ab Hamid et al., 2017). There is lack of discriminant validity if HTMT values is close to 1 (Ab Hamid et al., 2017). Nonetheless, some argued with the cut-off value and proposed 0.9 as the cut-off value (Gold et al., 2001). Based on Table 15, none of the values is higher than 0.9. Thus, I can conclude that this construct has achieved discriminant validity.

4.3 Path Analysis

4.3.1 Marker Variable

Before I perform the path analysis, CMV was assessed to confirm the safety of PLS estimation of path coefficient. In this research, Life Satisfaction was being implemented in the questionnaire as a marker variable which will be used as in the marker-variable technique (piori). The method used in this study is to check the impact of CMV is Construct Level Correction (CLC) Approach (Tehseen et al., 2017). The first step of CLC approach is to draw marker variable (CMV control construct) connecting to every construct in the null model. This is to model the impact of marker variable on each construct. Then, I obtain the result of path coefficients for the newly formed model (CLC model) and compare the results with the null model.

Table 16: Path Coefficient comparison between CLC approach and original PLS model output from SmartPLS.

Relationship	CLC Estimation		Original PLS Estimation	
	Value	t-statistics	Value	t-statistics
SQ -> PV	0.216	2.439**	0.238	2.713**
PP -> PV	-0.465	5.06**	-0.495	5.913**

PV -> PI	0.274	2.633**	0.306	3.241**
TWOM -> PI	0.361	3.64**	0.424	3.798**
Moderating Effect 1 -> PI	-0.021	0.371	-0.012	0.184
EWOM -> PI	0.075	0.956	0.106	1.295
Moderating Effect 2 -> PI	-0.1	1.432	-0.101	1.286

Note: Moderating Effect 1 indicates the moderating effect of TWOM on the relationship between PV and PI. Moderating Effect 2 indicates the moderating effect of EWOM on the relationship between PV and PI.

** indicates p-value <0.05.

According to Table 16, the CLC estimation and Original PLS estimation of all the relationship does not differ much. The biggest change is the parameter TWOM->PI whereby the change is 0.063 only. The t-statistics of each path coefficient also contain very minimal changes where it does not affect the significance value. Therefore, I conclude that there were no significant changes on path coefficient estimated due to the marker variable. In addition to the path coefficient estimation, I also compared the R².

Table 17: R² Comparison between CLC approach and original PLS model output from SmartPLS.

Variables	CLC Estimation	Original PLS Estimation
PV	0.441	0.439
PI	0.483	0.459

Note: All values have p-value <0.05.

The changes of R² value for PV and PI in CLC estimation is 0.002 and 0.024 respectively as shown in Table 4.24. The variance explained by the model in CLC estimation and the p-value of R² does not change significantly after the removal of common method bias by CLC method. Thus, I conclude that CMV is not a serious issue in this study, and I can proceed with path analysis.

4.3.2 Hypothesis testing

To test the hypothesis mentioned in Chapter 2, I conduct regression analysis to find standardized regression coefficients. These coefficients are used to identify the path coefficient between each IVs and DVs. The null hypothesis (H_0) that is established for correlation case is as below:

Null Hypothesis, H_0 : Path Coefficient, $\beta = 0$

Alternate Hypothesis, H_1 : Path Coefficient, $\beta \neq 0$

Since I am using $\alpha = 0.05$ in this study, for any coefficients that have p-value ≥ 0.05 , the hypothesis is accepted which indicates the relationship is not significant.

According to Table 18, there are 4 relationships with positive path coefficient and 3 relationships with negative path coefficient. SQ-> PV ($\beta=2.731$) shows that SQ has positive relationship with PV. The t-statistics is 2.731 (critical value of two-tailed t-statistics = 1.65) which indicates that p-value is smaller than 0.05. There is significant evidence to reject H_0 . With 95% confidence, I conclude that SQ has significant positive relationship with PV. This satisfies Hypothesis 1 of this study. On the other hand, PP-> PV ($\beta=-0.495$) shows that PP has negative relationship with PV. The t-statistics is 5.913 which indicates that p-value is < 0.05 . With 95% confidence, I conclude that PP has significant negative relationship with PV. Hypothesis 2 is supported.

Moreover, PV -> PI ($\beta=0.306$) and TWOM -> PI ($\beta=0.424$) shows that PV and TWOM have positive relationship with PI. PV->PI has t-statistics = 3.241 while TWOM -> PI has t-statistics = 3.798. Both of PV and TWOM have significant positive relationship with PI with 95% confidence. Hypothesis 3 is also supported according to the former relationship. EWOM-> PI has very low t-statistics and high p-value (≥ 0.05) indicates there are no significant evidence to reject H_0 . There may be no relationship between EWOM and PI.

As for moderating effect, both TWOM and EWOM has negative moderating effect on the relationship between PV and PI. The t-statistics for both moderating effects are 0.184 and 1.286 respectively. This indicates that both moderating effects have p-value < 0.05. Thus, there is no significant evidence to reject H₀. Both TWOM and EWOM have no moderating effect on the relationship between PV and PI. Hypothesis 4 and 5 is not supported. The summary of the path analysis can be seen in Table 18.

Table 18: Path analysis output from SmartPLS.

Relationship	β	t-statistics	p-value
SQ -> PV	0.238	2.713	0.008
PP -> PV	-0.495	5.913	0.000
PV -> PI	0.306	3.241	0.002
TWOM -> PI	0.424	3.798	0.000
Moderating Effect 1 -> PI	-0.012	0.184	0.844
EWOM -> PI	0.106	1.295	0.188
Moderating Effect 2 -> PI	-0.101	1.286	0.163

Note: Moderating Effect 1 indicates the moderating effect of TWOM on the relationship between PV and PI. Moderating Effect 2 indicates the moderating effect of EWOM on the relationship between PV and PI.

4.3.3 Coefficient of Determination

Table 19: R² output from SmartPLS.

Variables	R Square
PV	0.439
PI	0.459

Based on Table 19, it can be seen that the coefficient of determination (R²) of the exogenous variables are 0.439 for PV and 0.459 for PI. This indicates the total variation in PV explained by IVs is only 43.9% while total variation in PI explained by the IVs is only 45.9%. According to Hair et al. (2011), 0.5 of R² value is considered as moderate.

4.3.4 Effect size

Table 20: f^2 output from SmartPLS.

Relationship	f square
SQ -> PV	0.067
PP -> PV	0.290
PV -> PI	0.108
TWOM -> PI	0.203
Moderating Effect 1 -> PI	0.000
EWOM -> PI	0.016
Moderating Effect 2 -> PI	0.017

Note: Moderating Effect 1 indicates the moderating effect of TWOM on the relationship between PV and PI. Moderating Effect 2 indicates the moderating effect of EWOM on the relationship between PV and PI.

Cohen's f^2 can be interpreted as the effect size for each path model. The f^2 value is computed by determining the changes of R^2 when each of the constructs is removed from the null model. According to Cohen (2013), f^2 values that are higher than 0.02, 0.15 and 0.35 depict small, medium and large effect size. As shown in Table 20, Moderating effect 1-> PI shows 0 f^2 which indicates the insignificance of the construct. SQ->PV (0.067), EWOM-> PI (0.016), and moderating effect 2-> PI (0.017) all have a small effect size. Besides, PV->PI shows a nearly medium effect size (0.108). Lastly, TWOM->PI ($f^2=0.203$) and PP->PV ($f^2=0.290$) both have a medium effect size.

CHAPTER 5

DISCUSSION AND FINDINGS

5.1 Introduction

This chapter will elaborate the discussion and findings based on the research hypothesis and results of statistical analysis (path analysis) from the previous chapters. Table 21 shows the summary of the research questions and research objectives formed in Chapter 1, hypotheses in Chapter 2, and findings in Chapter 4.

Table 21: Summary of the findings regard to research questions.

Research Questions	Research Objectives	Hypothesis	Findings
What is the relationship between service quality and customer's perceived value?	Determine whether service quality has a significant effect on customer perceived value.	Service quality has a positive relationship with perceived value.	Supported
What is the relationship between perceived price and	Determine whether perceived price has a significant effect on perceived value.	Perceived price has negative relationship with perceived value.	Supported

customer's perceived value?			
What is the relationship between customers' perceived value and life insurance purchase intention?	Determine whether perceived value has a significant effect on purchase intention.	Perceived value has positive relation with purchase intention.	Supported
What is the relationship between customers' perceived value, life insurance purchase intention and traditional word of mouth?	Determine the moderating effect of traditional word of mouth on the relationship between perceived value and purchase intention.	Traditional word of mouth has a moderating effect on the relationship between perceived value and purchase intention, such that with the relationship is stronger with higher scoring in traditional word of mouth	Not supported
What is the relationship between customers' perceived value, life insurance purchase intention and electronic word of mouth?	Determine the moderating effect of electronic word of mouth on the relationship between perceived value and purchase intention.	Electronic word of mouth has a moderating effect on the relationship between perceived value and purchase intention, ,such that with the relationship is stronger with higher scoring in electronic word of mouth	Not supported

5.2 Discussion

5.2.1 Service Quality

The path analysis shows that service quality serves an important role in determine the customer's perceived value in life insurance industry in Malaysia context (whereby the $\beta=0.238$, p-value <0.05). This result is consistent with previous research (Butt & de Run, 2010; Malik, 2012; Sureshchandar et al., 2002; Panigrahi et al., 2018) which studied impact of service quality in hospital industry and several service sectors. The significant impact of service quality may be due to the characteristics of life insurance as an intangible product. Life insurance is a product that hedge customer's risk by providing a large sum of money. The benefit of the product cannot be felt directly. Thus, customers will expect high quality of the service provided when they purchase a life insurance policy. The quality of the service directly impacts the evaluation of customers on the value of life insurance policy.

5.2.2 Perceived Price

The path analysis shows that perceived price has significant negative impact on customer's perceived value in life insurance industry in Malaysia context (whereby the $\beta=-0.495$, p-value <0.05). This result is consistent with Jen and Hu (2003) who studied perceived non-monetary price and perceived monetary (factors of perceived cost) in travel industry. Their research showed that perceived cost has negative impact on perceived value which is similar to perceived price in this study. Perceived price consists of four different dimensions in this study therefore we look at the mean score (M) of each dimension. The time cost (M=2.543) and human energy cost (M=2.378) are the lesser issues comparing to the monetary cost (M=2.742) and psychology cost (M=2.781). This is mostly due to the quality of both selling agents and servicing agents. Most of the selling agent will ask for customers preference and conditions in order to recommend the best policy to the customers. Whilst the servicing agent (which may or

may not be the same as the selling agents) are able to help out with the process of any type of applications. This shows that Malaysia life insurance consumers may be satisfied with the agents of life insurance companies. On the other hand, it is difficult for consumers to fully understand the allocation premium for their policy due to different riders and investment-linked policy. Therefore, when there is an increase in premium, customers may think that it is not reasonable and perceive the price to be higher. As for the psychology cost, customers will be more likely to be concerned if they did not receive the sum assured in case of crisis happened. This is likely due to the sum assured is a huge financial support for them or for their family dependents in the case of accident that will cause them disability to earn money.

5.2.3 Perceived Value

The path analysis shows that perceived value significantly and positively impacts customer's purchase intention value in life insurance industry in Malaysia context (whereby the $\beta=0.306$, $p\text{-value} < 0.05$). This result is consistent with Ponte et al. (2015) who had shown that perceived value had significant positive relationship with purchase intention in online travel purchase. This implies that customers will evaluate the life insurance products before deciding to purchase them. Different customers have different evaluation aspects when they determine the value of life insurance products. In this study, the item "I am generally aware of the value of life insurance I purchased" shows a mean score of 3.616. This indicates that Malaysia consumers will understand and appraise the value of the life insurance before they purchased. Thus, life insurance companies have developed different products with different benefits to suit the customer demand.

5.2.4 Traditional Word of Mouth (TWOM)

The path analysis shows that moderating effect TWOM between perceived value and purchase intention is insignificant ($p\text{-value} > 0.05$). Hypothesis 4 is not supported. Nonetheless, TWOM has positive significant impact on purchase intention (whereby

the $\beta=0.424$, $p\text{-value} < 0.05$). This result is consistent with Chang and Lee (2020) who studied the mediating effect of WOM in life insurance industry. The study shows service innovation increases the chance of WOM generation which leads to higher purchase intention. This indicates that perceived value of customers in Malaysia is not affected by TWOM, but the customers consider both TWOM and perceived value as the factors when deciding to buy life insurance. One of the reasons may be that customers in Malaysia is aware of the life insurance value. Receiving positive WOM does not influence the chances of purchase intention given that they have an evaluation on life insurance.

5.2.5 Electronic Word of Mouth (EWOM)

The path analysis shows that moderating effect EWOM between perceived value and purchase intention is insignificant ($p\text{-value} > 0.05$). Hypothesis 5 is rejected. In addition, EWOM has also insignificant impact on purchase intention ($p\text{-value} > 0.05$). This result is inconsistent with the past study (Cheung et al., 2008; Lin et al., 2010) who had studied positive influence of EWOM in online customer community and online travel agencies. This may be due to those customers who experience good service from the insurance company did not feel satisfied enough to promote positive EWOM for the company. Whilst the customer who experienced bad service from the company, feel highly dissatisfied which leads to negative comments and reviews about the company service. Thus, there are very few positive EWOM but a large sum of negative EWOM that can be found on social media or webpage of the life insurance company. Moreover, EWOM may not be reliable as the source of the comments are ambiguous. In a life insurance purchase decision, which may involve a large sum of money, Malaysian customers rely more on their own perception or credible source of advice from TWOM to make the decision.

5.3 Theoretical Contribution

This study had validated the significant impact of service quality in life insurance industry in Malaysia context. Besides, this study contributes the effect of non-monetary price to perceived value in life insurance industry which is not well studied before. Lastly, TWOM is also shown in this study to have significant positive relationship with purchase intention.

5.4 Managerial Implication

First managerial implication of the study's finding serves as a guideline on how to improve the service of life insurance company to attract more customers. According to the path analysis result, service quality has significant positive impact on perceived value, then perceived value has significant positive impact on purchase intention. This indicates service quality is an important determinant to whether or not customers intend to buy insurance. The life insurance company should review the services offered by the agents in the pre-, during, and post-purchase. In the current situation where customer's life insurance awareness is increasing due to Covid-19, managers need to make sure their life insurance products are easily assessable and understood. With the complex terms and conditions written on the policy book, agents should clearly explain the crucial part to be aware of to prevent the customers misunderstanding regarding their benefits. This can definitely help to reduce the mis-selling issues whereby customers understood the life insurance policy as an investment option. Beside the pre-purchase service, managers also need to focus on the post-purchase service. Promised service should be delivered which are mentioned in the pre-purchase process. As such, the quality of agents should be emphasized even more as most of the customers deal with their servicing agent only when it comes to life insurance. Managers need to enhance the selection and training of agents to increase the service quality of the company. Failing to meet customer's expectation of service will significantly decrease customer

perceived value of life insurance and also customer satisfaction which is studied in other literature.

As shown in the finding, perceived price has negative impact on perceived value. Therefore, the next managerial implication for the finding is that life insurance company should introduce new and less complexity type of price presentation for the life insurance policy. The presentation should be clear and free of technical words. This can help to save the time and energy of customers to understand what they are paying for the premiums which leads to higher perceived value of the life insurance.

Another implication for this finding is to study and understand the customers expectation of life insurance premium. After studying the expectation of customers, life insurance company can develop new products or make changes to the existing products to suit the expectations of customers. As such, customer retention and customer loyalty can be increased.

After that, life insurance company should focus on developing more flexible life insurance policy with different benefits to attract more customers. Benefits could include charge waiver, premium holiday, or riders. It is common for people to pursue for cheaper items with higher quality. Nonetheless, premium of life insurance policy is calculated to fit the sum assured and is harder to give discount. As such, customers can feel they pay lesser when different benefits that are not related to the premiums attached to the life insurance products thus increase their perceived value. Customers will be more likely to choose offers from life insurance company that provides more benefits. Although only two antecedents of perceived value are proven in this study, there may be more factors that will increase customers perceived value, such as corporate image as shown by Nguyen et al. (2018).

Lastly, life insurance company should promote TWOM advertising based on their customers. Despite this study shows both TWOM and EWOM has insignificant moderating effects on the relationship between perceived value and purchase intention,

TWOM has direct positive impact on purchase intention. This indicates TWOM still influence the purchase behaviour therefore should be factored into manager's strategy to attract more customers. Before promoting TWOM, customer experience with the life insurance company should be enhanced to ensure customer satisfaction which leads to TWOM (Anderson, 1998). Satisfied customers who are loyal to the brand can help spread and promote the products while dissatisfied customers will propagate negative word of mouth that damage the company brand and reputation. Nonetheless, managers can encourage their customers to recommend life insurance to their associate to gain benefit. When there are new customers buy life insurance from recommendation, both of the customers may receive discount on first premium payment.

5.5 Limitation of the study

The empirical results present in this study should be considered with some limitations.

5.5.1 Sampling Bias

Although it has been proven that CMV is not a serious issue in this study, the result of this study may not represent the consumer behaviour of Malaysia in life insurance industry. It can be seen from the demographic, there is around 70% of the respondents come from Sarawak. Moreover, the sampling size is only 151 which is limited by the time constraint. In addition, snowball sampling method is used in this study. This leads to limited access to the appropriate respondents or geographic scope to represent the population. All of these factors indicate that the result study might only represent one portion of Malaysia consumers but not as a population.

5.5.2 Lack of previous studies

In this study, five hypotheses are tested to determine the consumer behaviour in life insurance industry. Nonetheless, there are limited empirical evidence to show the

moderating effect of word of mouth. Therefore, the research typology developed in this study may lack of foundation and should be investigated further as an opportunity.

5.5.3 WOM motives

WOM can be positive or negative depending on the motives of the sender. Both types of WOM have different implications (Martensen & Grønholdt, 2016). However, the items used to measure both WOM in this study are only referring to positive WOM. As mentioned in previous chapter, EWOM mostly consist of negative comments about the company. The negative effect, however, cannot be measured in this study due to the restrictions of measurement items.

5.6 Recommendation for further studies

The first recommendation of this study is to increase the sample size of the study. The sample size in this study is not enough to represent Malaysia consumers, and a bigger sample size can increase the accuracy of the study.

The second recommendation is to include the expertise in life insurance industry of both sender and receiver of WOM as a factor to determine the moderating effect of WOM. Different expertise of the senders and receivers will affect their decision weightage when considering the credibility of the information. Higher expertise of senders may have higher impact on promoting WOM while higher expertise of receivers may not consider WOM recommendation (Bansal & Voyer, 2000).

The third recommendation is to distinguish between positive WOM and negative WOM. It would be useful for further study to investigate WOM that are distinctly positive, negative, or valence-neutral motives.

The fourth recommendation is to increase the factors of perceived value. In this study, only two aspects are used to determine the perceived value. Consumer behaviour is a complex process that will involve many considerations aside from the service quality and perceived price. Further investigation is needed to determine the antecedents of perceived value.

5.7 Conclusion

This study determines the factors that affects perceived value, the impact of perceived value on purchase intention, and moderating effects of WOM on the relationship between perceived value and purchase intention. Among the research objectives, only moderating effects of WOM shows insignificant effects. The antecedents of perceived value, service quality (positive impact) and perceived price (negative impact) both shows significant impact on perceived value which leads to the purchase intention.

Service quality has been shown both in this research and past research that it is significant factor in consumer behaviour. It might be beneficial to the life insurance companies in Malaysia to strategize on enhancing their service quality from different aspects to attract more customers. Management should also notice perceived price that consists not only monetary cost, but also non-monetary cost is significant for customer perceived value. Customers take into consideration of different types of sacrifice when determine the value of life insurance which leads to their purchase decision. Life insurance companies should enhance their marketing strategy to reduce different types of cost that are bear by customers to increase their chances of purchase. In addition, life insurance company should not negate the power of WOM marketing in help them to generate more revenue.

To summarize, this study contributes empirically for the consumer behaviour of life insurance industry in Malaysia context. This study has validated the factors of

perceived value and shown that perceived value has significant impact on purchase intention.

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APPENDIX

No.	Service Quality	
1	Products or services offered by the insurance company are easily accessible.	(Nguyen et al., 2018)
2	The terms and clauses of the insurance contract are clear and easy to understand.	
3	The insurance company performs the services as promised.	
4	The insurance company always provides documentation correctly.	
5	The insurance companies always provide various insurance policies to the customers.	
	Perceived Price	
1	Life insurance premiums are very reasonable.	(Abu-Salim et al., 2017)
2	It is easy to search for suitable life insurance products.	
3	The purchase process of life insurance products is quick and simple.	
4	I don't feel any risk about the life insurance not paying out.	
	Perceived Value	
1	The company's insurance policy provides additional benefits.	(Nguyen et al., 2018)
2	The company's insurance policy provides flexibility.	
3	The insurance coverage meets my expectations.	
4	I am generally aware about the value of insurance products that I had purchased.	

	Purchase Intention	
1	I will purchase/maintain life insurance.	(Jalilvand & Samiei, 2012)
2	I am willing to recommend life insurance policy to others.	
3	I will purchase other life insurance products in the future.	
	Traditional Word of Mouth	
1	My family said positive things about the life insurance.	(Amron, 2018)
2	My close friend said positive things about the life insurance.	
3	The experts recommended to buy life insurance.	
4	My colleague recommended that I buy life insurance.	
	Electronic Word of Mouth	
1	I often read other consumers' reviews online stating that life insurance claims are paid immediately.	(Amron, 2018)
2	I often read other consumers' reviews online stating that the arrangements of life insurance claim documents are very simple.	
3	I often read other consumers' reviews online stating that the procedure of buying a policy is very fast.	
4	I often communicate with insurance customers online to find out what life insurance rate premium is appropriate.	
5	I often communicate with insurance customers online to find out if the online service of a life insurance company is good.	