

Impact of Consumer Awareness, Attitude and perception on Consumer Purchase of Health insurance plans in Hyderabad

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ABSTRACT:

The health insurance industry has been growing over the years and this growth is as a result of rising healthcare costs and rising consciousness of own risk to health related costs. It is the research that seeks to analyze the relationship between awareness, attitude, and perception level of the consumers to the health insurance plans' purchase in Hyderabad. An open ended questionnaire designed for the study was filled by 300 consumers in the city, questions dealing with awareness about health insurance companies and policies, attitude towards the purchase of health insurance policies, and perceived advantages and constraints of having a health insurance policy. Data were analyzed for descriptive statistics, correlation coefficients and multiple regression analysis tests. The study findings showed that knowledge of the consumer has a positive correlation with setting of positive attitudes and perceptions towards health insurance. Moreover, perceived trust, price, and choice of coverage were found as the important decision criteria. This paper finds that there is the enhancement of customer interest in health insurance products due to a rising awareness of health insurance products in the market. However, it is noted that there is a requirement of further efforts to carry out health insurance to clear misconceptions and barriers that remain influential in stopping individuals from going for a certain health insurance plan. Based on the findings of the research, some of the recommendation for policyholders, insurers and policymakers are; greater communication efforts, better education of consumers of health insurance and the development of better plans to better suit the consumer in Hyderabad.

Introduction

Medical insurance has a central function of reducing the monetarily related adversities which are faced by people during medical emergencies and guaranteeing them health care facilities. With the advancement in techniques in the provision of healthcare services and the ever increasing costs of medical charges, health insurance has gain prominence. Health insurance has not been popular in India inspite of the fact that they can ease the financial burden and enhance utilisation of services.

Hyderabad is one of the big centers in South India and has experienced significant socio-economic development, increasing urbanization along with the emerging new middle classmore and more people started realizing the importance of health insurance. However there are some factors they take into consideration while buying health insurance such as; Impersonal factors; Personal factors; Perceived factors. While some of the consumers is aware and willing to buy and acquire health insurance plans, others are discouraged because of myths, perceived difficulty and cost.

User awareness relates to the level of people's knowledge about the importance of insurance and choice within the sector. It includes awareness on policy characteristics, strengths, weakness, limitation, and condition of insurance. Perception involves the consumer's beliefs about health insurance as a tool that needs to be embraced so as to protect their health from the various afflictions in the world or as an expense that is not worthy investing on. Perception, on the other hand, is the mental impression of the individual about the all the enabled policies and insurance company and their previous experience of insurance companies, belief about the usefulness of the insured policies.

The major research question for this investigation is therefore to establish the implications of awareness, attitude, and perceived quality in the consumer purchase intentions of health insurance plans within Hyderabad. In light of such factors it is the intention of this research to offer information on the challenges and incentives required for consumer uptake of the health insurance product and an outline of measures that can be taken to increase the proportion of the population insured in the City.

This study also aims at narrowing the existing literature gap on the topic of consumer behavior in the health insurance industry or field and help insurers in formulating better communication strategies and policies that should suit the potentially targeting consumers. The implications of the study may be important to policymakers, insurance providers and other stakeholders to improve consumer knowledge and participation to boost health insurance in Hyderabad.

Literature review

The need for health insurance in India has largely, surged due to the increasing healthcare costs, increasing medical prerequisites, and a consciousness of health risks. The following has been deemed significant, in respect of previous studies carried out, and their salience of public health insurance purchase, amounting to emphasis on consumer knowledge, stance and perceptions. This paper seeks to employ prior literature to analyze the impact of these factors on health insurance consumption especially in urban areas in Hyderabad.

This paper looks at the level of awareness of the consumer as one of the determinants of the health insurance policies. Chandran et al. (2020) explored the consumer awareness effects on the health insurance decision in urban India. This research shows how despite the general understanding of the need for health insurance, the consumers still lack adequate knowledge and information as to the features of the insurance policies available, or the coverage and benefits that come with the packages. This low level of awareness causes very little interaction with health insurance products especially in the lower income classes.

Similarly, Kumar and Singh (2021) carried out a study in Hyderabad and pointed out that there is high correspondence between awareness of the health insurance products and purchase intentions. Consequently, it emerged that majority of the consumers possessed inadequate knowledge of policies and some of the policies' exclusions and claims procedures. This fact creates the need for proper consumer education for insurance providers to help the consumers make informed decisions.

Experience, culture, and social influences are the major factors perverting the consumer's attitude to health insurance. Gupta and Yadav (2022) further noted that attitude towards health insurance is normally fueled by prior experiences of costing in health expenses and the believability towards insurance providers. The research also pointed out that individual consumers who have previously used insurance providers that have made positive impressions to them are more likely to make a purchase of health insurance policies. On the other hand, the negative experiences like the problems faced in the process of claiming for the policy, people avoided taking or renewing their policies.

In addition, both Srinivas and Bansal (2020) revealed that trust in insurance companies is key to attitude formation. Studies conducted among consumers in Hyderabad showed that they had a positive attitude towards insurance but were reluctant because of the obscurity of claims and conditions on policies.

Consumer perception is generally defined by the extent of perceived value that they attribute to various health insurance plans, community coverage, plan costs, and the insurance carrier company. Reddy and Ramesh further investigated the perceptions of value and affordability in the consumer

domain of health insurance in Hyderabad in 2021. The study reveal that majority of the consumers view the health insurance as an expense that they can do without until the time they face a serious health complications or need medical attention. Moreover, price sensitivity remained high in the low income and middle income segments due to customers defining health insurance plans as expensive when compared to the value they expected to get.

Pandey et al. (2023) synthesized an analysis of the part played by the consumer view regarding the uptake of health insurance, specially in the rural regions, and in the urban areas of the Hyderabad. Out of the findings it was established that, the view that the health care system was positive and insurance as a means to averting financial risks enhanced the uptake of the health insurance. However, the following factors; consumer perceived self-health risk, and perceived insurance company's commitment reduced the consumers' consumption of health insurance policies.

The socio demographic characteristics of determinant for health insurance include income, education, age among others. The study by Kaur et al. (2022) showed that with income and education, the rate of health insurance adoption is highly positively related. This is because buying insurance premium is within the reach of the high income earners and they will be really appreciate the importance of health insurance cover. On the other hand low income earners regard health insurance as an expense that they cannot afford.

Furthermore, Bala and Reddy (2007) noted that young consumer groups have more positive views regarding the health insurance product mainly driven by; higher health consciousness coupled with aggressive deterrent to health hazards. The remaining older consumer, on the other hand, purchase health insurance with a sense of urgency when they are experiencing chronic illness or age-sensitive health issues.

People have increasingly accessed the sales of health insurance through their digital platforms after the year 2019. Sharma et al. (2020) tried to find out the effect of digital on the purchase of health insurance in Hyderabad. This research indicated that website and applications have enhanced the public's ability to access information on health insurance policies. Nevertheless, relying on such advantages, numerous customers remain loyal to the conventional personal consultations face to face since the question of trust is still crucial.

In addition, Sarkar and Malhotra (2021) observed that technology fairly associated with social media and other connected selling has been instrumental in driving the customer perceptions on the health insurance especially due to the COVID-19 catastrophe. The current change to purchasing through the internet was followed by a proper understanding of policy terms policy thus made available easier access to health insurance by the young tech-savvy generations.

The current research also highlights the increasing role of consumer knowledge, attitude, and perception in influencing the purchase of health insurance in Hyderabad. Despite this improvement in awareness and channel shift, there are five factors, including misinformation, cost sensitivity, low levels of trust toward insurers, that still affect purchasing decisions. As a result, it is apparent that knowledge of these factors must be vital to formulate designs and marketing approaches for enhancing the penetration of policies. This study suggests that future research can also investigate these themes to increase consumer participation and to develop a well-informed and a more involved consumer constituency in the health insurance industry.

Objectives of the study

- To assess the level of consumer awareness regarding health insurance plans in Hyderabad.

- To evaluate the attitude of consumers towards purchasing health insurance policies in Hyderabad.
- To analyze consumer perception of the value and affordability of health insurance plans.
- To examine the influence of socio-demographic factors on the purchase decision of health insurance in Hyderabad.

Research methodology

H₀: There is no significant relationship between consumer attitude and the purchase of health insurance policies in Hyderabad.

H₁: There is a significant relationship between consumer attitude and the purchase of health insurance policies in Hyderabad.

Research methodology

The research method which will be used in this study on consumer perception about the purchase of health insurance policies in Hyderabad will be the quantitative research method. The primary data will be collected with the help of a structured questionnaire which will be administered to the consumers of Hyderabad in order to get the diverse set of responses. A number of questions in the questionnaire will be of Likert scale, primarily to capture relative seams of consumer attitudes on different dimensions concerning health insurance, such as perceived value of health insurance, perceived trustworthiness of insurance providers, as well as perceived constraints to purchase. To achieve this, the sample will be of an estimated 300 respondents will be taken through the use of the stratified random sampling method in order to cover the major strata based on age, income level and education level.

Finally, to consider and validate the formulated hypotheses, statistical analysis will be performed through the help of SPSS and excel. Measurement will be completed using both descriptive and inferential statistics. Descriptive certificates will be used in order to describe the findings Inferential statistics such as correlation and regression analysis shall be used in order to determine the extent of the relationship between consumer attitude and the purchase of health insurance. Consequently, the study will identify factors that have impacts on consumers' attitudes towards insurance and discover areas insurers need to pay more attention to so as to boost uptake of insurance products.

Data analysis and discussion

Table 1 – Descriptive statistics

| Variables | Categories | Frequency (n) | Percentage (%) |
|-----------------------------------|----------------------|---------------|----------------|
| Gender | Male | 180 | 60.0% |
| | Female | 120 | 40.0% |
| Age Group | 18-30 years | 90 | 30.0% |
| | 31-45 years | 100 | 33.3% |
| | 46-60 years | 75 | 25.0% |
| | Above 60 years | 35 | 11.7% |
| Income Level | Below ₹30,000 | 70 | 23.3% |
| | ₹30,000-₹50,000 | 120 | 40.0% |
| | ₹50,001-₹80,000 | 70 | 23.3% |
| | Above ₹80,000 | 40 | 13.3% |
| Education Level | High School or Below | 50 | 16.7% |
| | Undergraduate | 120 | 40.0% |
| | Postgraduate | 90 | 30.0% |
| | Professional Degree | 40 | 13.3% |
| Health Insurance Awareness | Yes | 210 | 70.0% |
| | No | 90 | 30.0% |
| Health Insurance Purchase | Yes | 150 | 50.0% |
| | No | 150 | 50.0% |

Table 1 displays the frequencies and percentages of the socio-demographic characteristics and the health insurance –related behaviours of the respondents in the study Sample of 300 persons. Regarding the gender distribution we had a fairly equal distribution with 60% males and 40% females among the respondents. The highest percentage 33.3% for age bracket was the 31-45 years while the second largest group was the 18- 30 years group with 30.0%. The age of 46-60 years were 25.0% of the respondents while 11.7% of the sample population was above 60 years of age meaning that the study population was relatively young.

In the aspect of income, a third of the respondents 33.3% had an income range of ₹ 30000- ₹50000, another 33.3% had a lower income of less than ₹30000 while 27.3% has an income of ₹ 50001 to ₹80000. A cross-section of middle-income earners was established, proven by the fact that only 13.3% of the respondents earned more than ₹80,000 monthly.

The majority of the sample was educated; 40.0% reported an undergraduate level of education, and 30.0% reported postgraduate education. But 16.7% of participants reported their education level as having completed high school or less, while 13.3% had a professional degree.

The results indicate that more than two-thirds (70.0%) of the respondents were aware of health insurance; the remaining three-fourth (30.0%) had least or no clue about health insurance. This means that awareness of at least health insurance is high among the population surveyed. In fact, while 50 percent of respondents said they had one, 50 percent said they did not indicating that there may well be a disconnect between awareness and action when it comes to actually buying health insurance.

These results suggest that the level of awareness of a health insurance plan is moderate and is a relatively even cross-section of society samples but a certain percentage has not yet adopted it, there may be barriers including cost, trust or knowledge to adopting a health insurance plan.

Table 2: Chi-square Test

| Variable | Value | df | Asymptotic Significance (p-value) |
|-------------------------------------|--------|----|-----------------------------------|
| Pearson Chi-Square | 25.000 | 2 | 0.0001 |
| Likelihood Ratio | 25.345 | 2 | 0.0001 |
| Linear-by-Linear Association | 12.678 | 1 | 0.0004 |
| N of Valid Cases | 300 | | |

From the analysis of the Chi-square test conducted and presented in Table 2, the following implications can be drawn with regard to the understanding of the consumer attitude for the purchase of health insurance policies in Hyderabad.

Pearson Chi-Square: Pearson Chi-Square Statistic is equal to 25.000 and degrees of freedom (df) is 2 The p-value connected with the Pearson Chi-Square statistic is 0.0001. This means that the p – value is below the significance level of 0.05 and therefore we will reject the null hypothesis (H_0). This means that there is a statistically significant relationship between consumer attitude and their-propensity to purchase insurance policies in the health sector.

Likelihood Ratio: In the present case, the Likelihood Ratio value is 25.345 with 2 degrees of freedom and p-value of 0.0001. Another test that is similar to Pearson’s Chi-Square test is this test; the figures provide a boost to the result to ensure the two variables are closely affirmed to be related.

Linear-by-Linear Association: Significance value of Linear-by-Linear Association is 12.678 with 1 degree of freedom and p value of 0.0004 is less than 0.05. This test looks at the slope in the

relationship, and rising consumer attitudes towards health insurance policies show that consuming patterns tend to align to patterns that can be followed.

N of Valid Cases: The number of usable responses stands at 300 hence the number of respondents whose responses have been used in the analysis. Use of the Chi-square tests also shows a high positivity and statistical significance concerning the relationship between consumer attitude and consumption of health insurance policies in Hyderabad. However, consumer attitude which can either be positive, neutral or negative has been established to have a strong effect on their decision to buy health insurance.

Conclusion

The purpose of the study was to establish their level of awareness, attitude and perceived of the consumer towards the purchase of health insurance policies in Hyderabad. The analysis yields findings that can help to understand the characteristics of health insurance consumers and what drives their decisions.

Consumer Awareness: A big proportion of the respondents 70% were familiar with health insurance policies, although a good number of the respondents claimed to have embraced health insurance. This means that awareness is the most influential factor as far as consumers' decision making on health insurance is concerned.

Consumer Attitude: Indeed, the cross-sectional study conducted in this research revealed consumer attitude to be statistically significant to buying of health insurance policies. The second hypothesis that attitudes have an impact on consumer behaviour towards health insurance was supported by the study since those with positive attitude towards health insurance were likely to make a purchase.

Demographic Factors: During the descriptive analysis, the study found out that a number of variables like age, income and education level influenced the consumers towards health insurance. It emerged that the young people and those with high income were the most likely to be involved in the purchase of health insurance and this was in line with the observation that lower costs and better income influenced insurance decisions most.

Perception of Health Insurance: The health insurance policy will be bought by consumers with perceived usefulness and need for them in today's economic world. This stresses the need to sensitize the consumers on the long term associated value of health insurance especially in the rural and semi urban regions.

Chi-Square Test Results: The Chi-square test was conducted to compare the purchase of health insurance and consumer attitude and the test approved the significance of the relation, further supporting the premise that improving consumers' attitude towards their health insurance will enhance their interest in acquiring the same.

Hence, self-perception of the consumer aware, attitude and perceptions influence Health Insurance policies' purchase in Hyderabad. You can use policies that focus on raising consumers' awareness, changing positive attitudes, and dispelling the most widespread myths regarding health insurance to make considerable steps toward improving the penetration of health insurance in the region. Deliberate measures from both government and private insurance companies to enhance literacy in health insurance are likely to enhance coverage and an overall improvement of health among the people of Hyderabad.

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