



**FACTORS THAT INFLUENCE CONSUMERS' PURCHASE DECISION: A CASE STUDY
OF AIA BERHAD**

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ABSTRACT

Product knowledge and product involvement are important factors in consumers' purchase decision. This study aims to determine the factors that influence consumers' purchase decision in the insurance industry which is AIA Berhad. A survey of 50 respondents was conducted to AIA customers in Kuala Lumpur and Selangor. Descriptive Statistic and Pearson Correlation have been used in order to test the hypotheses developed and the research questions. Through this research, the company can have better understanding on its customers' product knowledge and product involvement in making the purchasing decision. Hence, the company can enhance its marketing strategies to attract more customers to purchase its products.

Keywords: Influence, Purchase Decision, Knowledge, Involvement, Insurance Industry

Chapter 1: Introduction

1.1 Background of the Study

Emergencies are unpredictable and it can happen anytime without an individual aware of it. This may lead to financial shocks as some individuals are not financially prepared when it comes to emergency cases.

According to Banks Malaysia (<http://banksmalaysia.com/insurance>), there are 18 insurance companies in Malaysia which include Zurich Insurance, Tokio Marine Life Malaysia Insurance, Prudential Malaysia, Hong Leong Assurance, Manulife Malaysia Insurance and others. AIA Berhad has been ranked as the third insurance company in Malaysia. According to the annual report 2016 of Life Insurance Association of Malaysia (LIAM), the life insurance industry has provided insurance protection to 12.6 million lives in 2016. It is an increase of 105,199 as compared to the year 2015.

Insurance industry is one of the major players in the financial system (Mathur and Tripathi, 2014). It is because it can also contribute to the economy of the country and the wellbeing of the citizens as well. Rathod (2010) stated that insurance is a legal contract that is represented by a policy in which an individual who purchases the policy will receive financial protection or reimbursement against losses from the insurance company. It protects people from any financial costs that results from loss of life, loss of health, property damage and lawsuits.