Factors influencing e-commerce channels in the life insurance industry in South Africa.

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PLAGARISM DECLARATION

I, Nokwethemba Judith Mazubane, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the field of Digital Business at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Signed at: Midrand, Johannesburg

Date: 27 February 2022

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ABSTRACT

General adoption of e-commerce in South Africa is increasing in other product areas such as electronic goods, general improvement of Internet infrastructure and accessibility. Adoption of smartphone technology and cell phone penetration increases the adoption of technology and creates opportunities for the insurance market to distribute their products using these channels. Companies that master digital transformation drive significantly higher profits. With rapid change to the insurance sector driven by digital transformation, it is prudent for insurance providers to provide e-commerce channels for customers. The purpose of this study is to discover the factors that influence the success of life insurance e-commerce channels in South Africa.

The basis of the study was supported by the Theory of Buyer behaviour which breaks down how a consumer goes about the process of purchasing a product. The consumer decision theory was also included to inform the basis of how consumers make purchasing decisions. To understand the adoption behaviours for technology innovations the Diffusion of innovations theory was also included in the theoretical framework. Data was collected using one on one interviews with twenty participants from a South African insurance organisation as well as customers of life insurance products. Thematic analysis was applied to the data and the findings showed that the perceptions and attitudes of consumers towards life insurance are heavily influenced by the marketing activities of the insurance provider online. The findings also showed that consumer education is a big challenge for driving adoption of e-commerce channels for this product set. The digital transformation initiatives of the organisation were also found to be a contributing factor to providing superior customer experiences to customers online.

The study makes practical and empirical contribution to the insurance industry body of knowledge in South Africa.

KEYWORDS

e-commerce, life insurance, online shopping, technology adoption, purchasing, e-insurance, fintech, digital transformation, insure-tech

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1.1 Purpose of the study

The purpose of this study is to discover the factors that influence the success of life insurance e-commerce channels in South Africa. This qualitative study will contribute knowledge and guidance to insurers in South Africa to enable them to drive the adoption of e-commerce channels and enable digital transformation in the industry. Some of the key metrics that define success in e-commerce channels are:

- Increased adoption of e-commerce channels
- Increase in number of completed transactions
- Lower abandonment rates of shopping carts
- Higher persistency of policies bought online
- Higher collection rates on policies bought online.

The research approach was qualitative as a case study at one of the four major insurers according to (Marketline, 2020) in South Africa with the intention of understanding the insurer's business context, challenges and current experiences rolling out e-commerce platforms for their life insurance products.

1.2 Background of the study

The insurance industry in Africa accounts for 1.2 % of the global market with South Africa as the largest contributor to this number. South Africa generates 0,89% of global insurance premiums (PWC, 2018). The total gross premiums of the country were sitting at $38.4bn in 2018. Swiss Re are estimated that these premiums were 11.8% of the GDP of the country (MarketLine, 2020).

Insurance penetration remains low in the African continent; however, South Africa has the largest penetration in the sub-Saharan region, followed by Namibia and Lesotho (PWC, 2018). The table below depicts the market penetration per country on the continent.

Country	World Ranking	Premium volume (in million of US$)		Change (in %) 2016		Share of world market 2016 (in %)	Insurance penetration: premiums as % of GDP in 2016	Gross Domestic Product Real change (in%)	Population (millions)
		2016	2015	Nominal (in US$)	Inflation adjusted		Total Insurance Business	2016	2016
South Africa	19	41,962	45,491	-7.8	0.1	0.89	14.27	0.3	55.0
Morocco	49	3,561	3,104	14.7	13.8	0.08	3.48	1.0	34.8
Egypt	57	2,130	2,104	1.2	1.8	0.05	0.64	4.3	93.3
Kenya	59	1,915	1,757	9.0	6.0	0.04	2.80	5.9	47.3
Algeria	69	1,209	1,278	-5.4	-3.5	0.03	0.80	3.2	40.3
Nigeria	71	1,159	1,504	-22.9	-11.4	0.02	0.27	-1.7	187.1
Tunisia	78	824	848	-2.8	na.	0.02	1.97	1.2	11.4
Angola	83	788	831	-5.1	na.	0.02	0.81	-0.1	25.9
Namibia	84	783	850	-7.9	-0.5	0.02	6.87	1.9	2.5
Mauritius	86	776	748	3.8	na.	0.02	6.40	3.7	1.3
Other countries		5,602	5,428			0.12			
Total		**60.709**	**63.942**	**-5.1**	**0.8**	**1.28**	**2.77**	**1.8**	**1 203.3**

Table 1: Insurance market penetration (PWC, 2018)

Long term insurance, which includes pension funds, life insurance, and annuities produces higher GWP than short term insurance products, with premiums of \$15.8 bn compared to \$4.9 bn for short term, with this number expected to grow in the next few years. (PWC, 2018).

The life insurance market is predicted to be valued at \$54.8 billion by 2023, this is the biggest sector of insurance, accounting for 76,1% of total market value. The insurance growth in Africa is expected to be largely attributed to Pensions and Individual life insurance (McKinsey, 2020). This growth will be enabled by improving digital innovation and by introducing a wider distribution network. Further growth can be accelerated though competition, innovation, and disruption (McKinsey 2020).

In South Africa, the four main players in the life insurance market are Santam, Hollard insurance Group, Old Mutual, Ltd and Guardrisk Insurance Company Ltd (MarketLine, 2020). Their respective market share is tabled below.

Table 5: South Africa life insurance market share: % share, by value, 2018

Company	% Share
Santam Limited	24.0%
Hollard	9.0%
Old Mutual	9.0%
Guardrisk	8.0%
Other	50.0%
Total	100%

SOURCE: MARKETLINE

MARKETLINE

Table 2: The market share by value

Life insurance demand is determined by GDP, average length of life expectancy, inflation, and interest rates. With four main players being medium to large organisations, the threat of rivalry is very low and the barriers to entry are considered medium as large capital investments are required to enter the market (MarketLine, 2020)

General adoption of e-commerce in South Africa is increasing in other product areas such as (electronic goods, general improvement of Internet infrastructure and accessibility. Adoption of smartphone technology and cell phone penetration increases the adoption of technology and creates opportunities for the insurance market to distribute their products differently (PWC, 2018).

Companies that master digital transformation drive significantly higher profits, levels of output and results (Westerman, Bonnet, & McAfee, 2014). The distribution cost when selling online is close to zero as digital information is infinitely customisable because of low costs (Gogan, 1996).

With South Africa contributing 48.3% of Gross premiums in the region, as depicted in the diagram below, this study will produce results that are relevant and reliable.

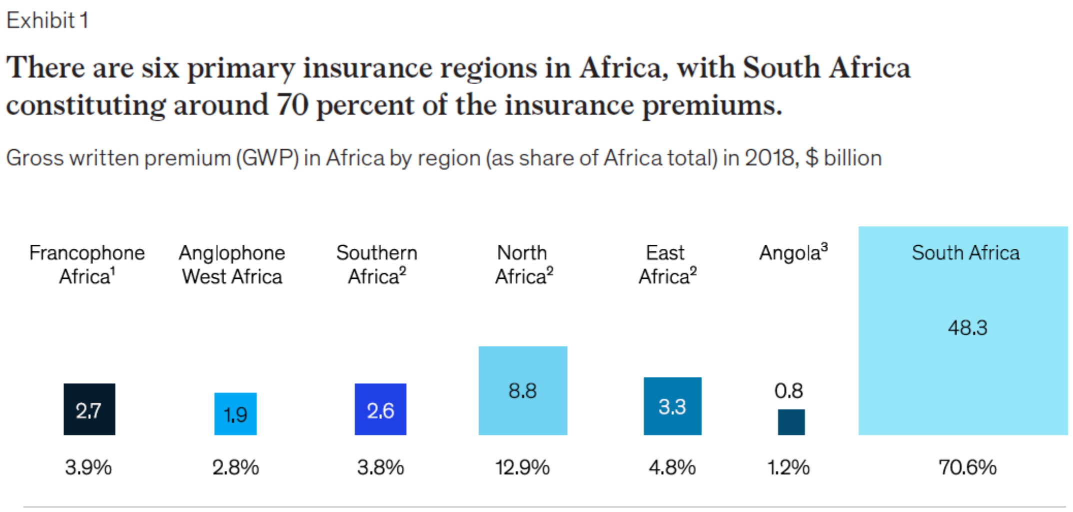


Figure 1: Gross written premiums by region

The study is focused on life insurance specifically as it is the largest contributor of Gross premiums in the region as shown below.

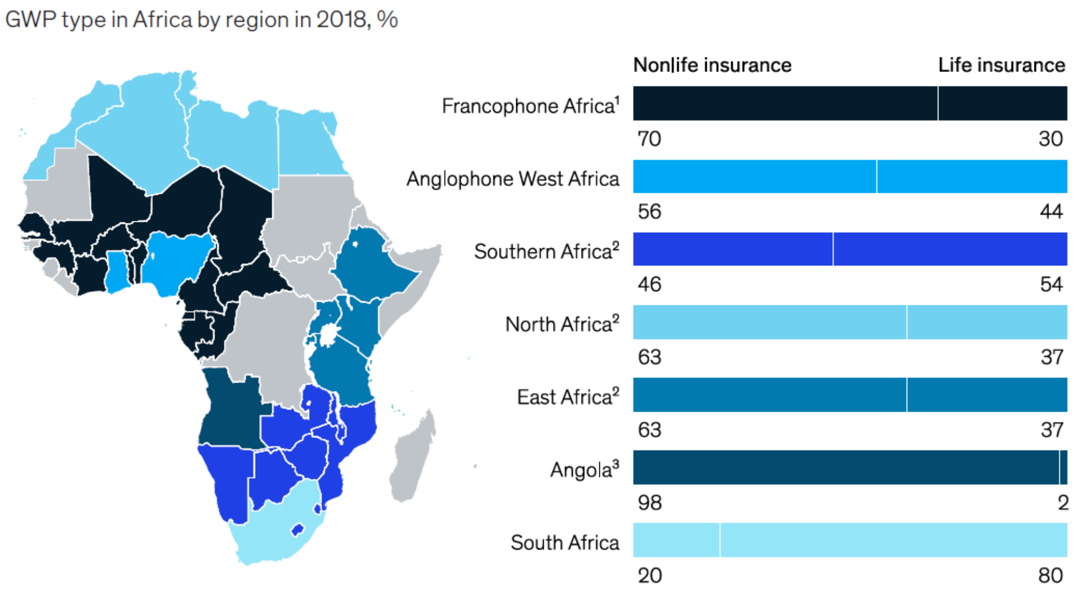


Figure 2: Gross written premiums by region in non-life insurance vs life insurance

The study will be unique in that the disposable income levels, GDP, interest rates and currencies in the continent present their own contributing challenges in this market.

1.3 Research problem

At the forefront of digital transformation and rapid changes across all industries, is the investment into e-commerce a worthwhile one that will bring returns in the life insurance industry. Ideally, success at e-commerce for life insurance should mirror that of other industry e-commerce channels such as the fast-moving consumer goods. This would contribute toward cost-savings and revenue targets in the business of insurers, as well as the digital transformation agenda.

Further, the e-commerce channel should be as profitable as the intermediary channels as well as the call centre channels which are the primary distribution channels for life insurance in South Africa. The research problem will be explored using two lenses: the barriers that affect the demand of life insurance and how that extends over and affect the adoption of the e-commerce channel specifically.

According to (Market Line 2020), Life insurance product demand is affected by gross domestic product, average life expectancy, inflation, and interest rates. Other researchers have mainly focused on exploring a different set of factors in relation to uptake, namely: disposable income, education levels, perception of life insurance companies and their brokers as the key attributes that impact the uptake of these insurance products. (Adebayo et al., 2014; Adebayo et al., 2015; Hwang & Greenford, 2005; Wairegi, 2004).

The comprehension of the risk of losing a source of income either due to death, disability or other long-term illness motivates customers to have an interest in purchasing life insurance (Giesbert, 2010). Other studies (Ejye Omar & Owusu-Frimpong, 2007) (Dash & IM, 2018) have shown that age affects the perception of risk of potential customers, younger customers do not believe they are at risk of losing their lives or becoming disabled or contracting a long term illness that could affect their ability to generate income, therefore they do not see the need to be insured.

The perception customers have towards insurance companies, their sales agents and associated brokers is another factor that affects customers' demand towards these products. Life insurance sales agents are seen as having low levels of integrity (Odemba, 2013), customers do not seem to have high levels of trust toward insurance providers (Giesbert, 2010), (Ejye Omar & Owusu-Frimpong, 2007). A study done in China on the purchasing intentions on life insurance found that the element of trust even became a further factor when it came to online purchases (Jiang, Liu, Liu, & Xiang, 2019).

Customers are also highly influenced by the experiences, perceptions, and attitudes of those closest to them, i.e., their friends and families and extended social circles. If others perceive an insurance company negatively or have had negative claims experiences with specific companies or have perceived little value from the life insurance products they do have, this will dissuade other customers from purchasing. (Ejye Omar & Owusu-Frimpong, 2007; Jiang et al., 2019; Wairegi, 2004).

The payment methods associated with purchasing life insurance have also been found to be a barrier. In South Africa most life insurance products require a customer to have a valid bank account where premiums can be collected via debit orders or stop orders. Most customers in the African context have a preference to make payments using mobile money (Odemba, 2013).

The biggest factor that is consistent across different studies that impacts the demand for life insurance policies is the level of disposable income in a household. A study in low income and middle-income countries conducted in 2015 (Adebayo et al., 2014), found that income levels and financial standing were critical factors to the uptake of health insurance, which falls under the scope of life insurance. Customers view life insurance as a commodity only to be prioritised if they have “extra cash” after settling their other needs (Odemba, 2013). Studies in Asia and India (Sen, 2008) (Hwang & Greenford, 2005) also rate income as a key factor that determines the purchasing behaviour when it comes to life insurance.

An interesting link to the disposable income factor suggests that if life insurance products are bundled with savings pockets or some type of withdrawal mechanisms, it drives better demand amongst those who seem to have less disposable income (Giesbert, 2010; Odemba, 2013). The price of the product itself seems to not be a major deterrent, one study found that demand increased when prices increased (Sen, 2008).

The factors outlined above can be viewed as a major constraint to a consumer purchasing a life insurance product. In a case where the customer does perceive the risk of death, illness, and disability; has the disposable income required to seek the product, have heard good reviews from their social circle and are interested in pursuing a purchase; What are the factors that could persuade the customer to make the purchase using online channels?

1.4 Research questions

Question 1: How do insurers create a positive perception towards e-commerce in the life insurance industry?

Question 2: How should insurers drive e-commerce adoption for life insurance products?
Question 3: What other disruptive factors influence e-commerce channels for life insurance products?

Question 4: Are consumers ready to adopt the process of purchasing a life insurance policy online?

1.5 Significance of the study

This research will contribute to the existing literature around the e-commerce topic. It will seek to add an additional lens to the topic by considering the uniqueness of the South African context as well as add insights to what influences the life insurance product set in e-commerce channels.

The findings of this study will enhance the digital transformation agenda of the country, by providing further insights into how the life insurance industry should approach its initiatives around innovation, e-insurance, and digital transformation. It will seek to uncover the challenges that can be anticipated when undertaking digital transformation and innovation initiatives in organisations; and assist with insights that will help in setting up successful e-commerce channels in the industry.

The research will consolidate inputs from the life insurance target market and understand their constraints, needs and limitations in taking up life insurance products online. It will also consolidate inputs from stakeholders within the selected insurance organisation who are key in driving digital transformation initiatives and those that are impacted by the digital transformation of the organisation. It will seek to give those who are accountable for the delivery of digital transformation insight into possible improvements to their strategies as well as ideas on possible new business models that could support their e-commerce businesses.

1.6 Delimitations of the study

This study will not focus on the perspectives of smaller and new entrants to the life insurance market that have created processes to disrupt the industry in new forms. Although this would be contributing to the literature, it is out of scope in this specific study. This study seeks to uncover insights for existing and bigger players in the market face when it comes to e-commerce and innovation as those are unique, due to legacy systems, processes and organisational culture built over time.

The study will not focus on the factors affecting e-commerce for short- term insurance products, which include car, home and contents insurance products but will focus specifically on life insurance products; there will be no comparisons made of differences or similarities between the two products sets.

The effects of the Covid 19 pandemic on the Life insurance industry have also been excluded from the study.

1.7 Definition of terms

Term	Definition
E-commerce	Online services ability to buy and sell (Kalakota & Whinston, 1996)

Search to purchase funnel	At the top a funnel begins with the process of searching, in the middle the funnel the customer is conducting detail research, at the bottom of it the customer decides whether to purchase or not (Todri et al., 2020).
Abandonment rate	Online shopping cart abandonment can be defined as transactions that are incomplete, where an item is added to the cart but no check out is done (Kukar-Kinney & Close, 2010)
Long-term insurance	Long term insurance is insurance that covers circumstantial risk, such as death, retirement, and disability. These can be life insurance, funeral insurance, retirement annuities and endowment policies (Kruger, 2010).
User experience	The encounter a user is subjected to on websites or computer application, especially in terms of how easy or pleasing it is to use (Law et al., 2008)
GWP	Gross Written Premium. The total premium (direct and assumed) written by an insurer before deductions for reinsurance and ceding

	commissions. Includes additional and return premiums (Bokšová & Randáková, 2013).
Life Insurance	A product that pays out a sum of on the event of death or risk occurring (Kruger, 2010)
Short Term Insurance	Short term insurance provides financial cover for assets such as cars or household contents for a stipulated time frame (Kruger, 2010).
Intermediary	A broker who negotiates contracts of reinsurance on behalf of the insured. The reinsurer pays the broker commissions on premiums (Maas, 2010).

1.8 Assumptions

The following assumptions have been made regarding the study:

- South African customers have limited disposable income available to fund life insurance products.
- The respondents to be interviewed are familiar with the insurance landscape and life insurance products in general.
- The respondents will be open and honest with their feedback and will be vocal with any questions they are uncomfortable answering.
- Race and gender should not affect the outcomes of the study in any form.

1.9 Chapter Outline

Chapter 1	This chapter introduces the context of the life insurance industry in south Africa, and provides background to the research problem at hand.
Chapter 2	This chapter will review the existing knowledge that exists around the influences of the success of e-commerce channels. It will also discuss key theoretical frameworks that are a basis for digital transformation and innovation.
Chapter 3	This chapter will outline the planned approach to execute this study, covering elements about how the data will be collected.
Chapter 4	This chapter will present in detail the findings that came out of the data collection.
Chapter 5	This chapter will discuss and analyse what was found in the data and what insights can be taken from these findings.
Chapter 6	The final chapter will summarise the findings and their implications and provide recommendations for future consideration.

2 Chapter 2: LITERATURE REVIEW

2.1 Introduction

This chapter aims to critically review some of the key literature surrounding e-commerce and consumer behaviour and the decisions consumers make during purchasing. A review and analysis of the theoretical frameworks that are relevant in this area of study will follow. These frameworks will be explored in terms of their inception, evolvement and adaptations and their applications in academia. The nature of e-commerce demands the inclusion of theories based in the field of marketing as well as digital platforms and innovation, therefore some of the theories that are relevant in these areas include:

- Consumer behaviour theories
- Diffusion of innovations theory
- Theories of the information society.

This literature review will seek to begin to clarify possible answers toward the research questions mentioned in section 1 of this paper by outlining the key take-outs from these studies, which will be presented at the end of this section. The key take-outs will influence the data collection approach. The key take outs will be summarised in the proposed hypotheses.

The approach that was taken to compile this literature review was by a collection of books and journals that were compiled through a search on google scholar. These were mainly in the Journal of Marketing, Science direct, ProQuest, Emerald Insights.

The key words that were used included: user behaviour, marketing psychology, consumer behaviour, decision model, innovation, technology acceptance, technology adoption.

2.2 Definition of topic or background discussion

2.2.1 E-commerce as a distribution channel

E-commerce also known as E-business or Internet commerce (Ngai & Wat, 2002) has evolved since the early 90's because of the opportunities created by the internet and web technologies. It has given rise to new business models and competitive advantage as it gives rise to new ways of keeping in touch with customer needs (Bhattacharya & Mishra, 2015). E-commerce can be classified into three categories namely: customer-to-customer, business-to-business, and business to customer. In the financial services sector, e-commerce usually refers to online sales of banking, financial products, and insurance products. As business owners seek to improve their e-commerce businesses it is important to understand what drives consumer behaviour on these platforms (Javadi, Dolatabadi, Nourbakhsh, Poursaeedi, & Asadollahi, 2012).

According to the ecommerceguide.com 95% of purchases are expected to be done via e-commerce by 2040. The fastest growth in the e-commerce market in the world is China. In 2019, 51% of internet users purchased products online in South Africa, and 57,7 % in 2020 (Statista, 2021); 38.9% of these purchases were made through mobile devices. These figures illustrate the potential to grow the market of online purchasing.

The growth of e-commerce channels has thus far been driven by the increase in the use of the internet, the prevailing use of other forms of money such as debit and credit cards; the increased use of devices and the growth in disposable income (Bhattacharya & Mishra, 2015). This study will determine if similar factors apply in the south African life insurance market.

India, a developing country with a mass market that could be similar to South Africa has reported challenges with the use of e-commerce channels and abandonment rates of purchases as (a) merchandise returns, (b) access to postal addresses, (c) internet penetration and (d) challenges with unstable payment gateways, (e) online fraud and cyber security and (f) feature phones being more prevalent than smart phones (Bhattacharya & Mishra, 2015).

Abandonment rates measure the rate at which customers begin a purchasing process and not completing it. In the case of retail products this might look like leaving items in the shopping cart and not reaching the checkout section of the process (Kukar-Kinney & Close, 2010). In the financial services sector this might look like completing some of the required fields to complete an application but not all the fields that are required from a regulatory perspective to affect a bank account or insurance policy.

2.2.2 Traditional insurance distributions channels

Traditionally life insurance is distributed through independent insurance brokers as well as through tied agents who distribute products of a specific insurer only. Independent agency systems have been found to delivery higher level of quality in service. It was found that they deliver quality service to both the insurer as well as the consumer. They can disseminate information and advice to consumers which increases sales (Dumm & Hoyt, 2003). Independent brokers can collect and compare different sets of product information across multiple insurers, which gives them the ability to offer quality advice and to reduce the burden of research on the customer (Posey & Tennyson, 1998). Independent brokers are also able to “keep insurers on their toes” as they have the ability and relationship to move the customer to another insurer (Barrese & Nelson, 1992).

Independent brokers are more appropriately used in the context of higher complexity in products, and exclusive brokers more appropriate in the case of simpler product features where less advice is required (Dumm & Hoyt, 2003).

2.3 Factors that impact distribution of life insurance products

2.3.1 Regulatory framework

The Long-term insurance sector is highly regulated industry in the South African market. Regulations including the TCF bill, FAIS act, FICA, and Long-term insurance act, make distribution of life insurance products very complicated. This regulatory environment along with the complexity of the products themselves has led to the brokerage distribution channel being the most common. However, some clients do prefer to go direct and hence the growing need for new distribution mechanisms.

“Compliance is ability to adhere to the rules and regulations of the financial services industry” (Ramchander, 2016).

<u>Treating customers Fairly (FSCA, 2021)</u>

Treating customers fairly is South African regulatory requirements put in place by the Financial Services conduct authority (FSCA) to put in place measures that promote fairness to customers. It encourages financial services institutions to protect their customer’s interests. The regulation has six outcomes:

1. Financial institutions must implement fairness in their corporate culture
2. The products financial intuitions sell must purposefully meet the needs of the customers being targeted
3. Customers must be given clear and simple information that they can understand throughout the purchasing process
4. All advice must be appropriate for the circumstances of the customer
5. The products and services must meet the promises that were made
6. All hurdles regarding making changes, getting service or switching providers must be removed for the customer

The regulator requires that these six outcomes be present throughout the life cycle of customer interactions and at every value chain. (FSCA, 2021)

The Financial Advisory and Intermediary Services Act 37 of 2002

The FAIS act is legislation that impact the financial service industry and aims to regulate the financial advice given to customers and the intermediaries that provide advice. (FSCA, 2021)

Its objectives are to:

1. Protect clients who use financials services and products (FSCA, 2021).
2. Protect the financial services industry (FSCA, 2021).
3. Protect intermediaries (FSCA, 2021).

The act requires a financial institution to determine the financial needs of a consumer, and to provide advice to consumers after having collected a set of facts and to assist consumers to make informed financial decisions. (FSCA, 2021).

Financial Intelligence Centre Act 38 of 2001

The Financial Intelligence Centre Act 38 of 2001 intends:

- Create a council to combat money laundering activities (FSCA, 2021).
- To assign responsibilities to financial institutions to prevent being used form money laundering activities (FSCA, 2021).
- To make changes to the existing Act of 2000 (FSCA, 2021).

2.3.2 *Consumer education*

Consumers lack the required knowledge to understand their rights, and duties that are part of the life insurance contract (Dorfman, 1978). This is seen as an inhibitor to innovation to insurance as consumers were found to not even notice the difference when changes were made to products and could not identify new features in products.

A study conducted in south Africa to determine the extent to which consumers can identify basic features, costs, and limitations of life insurance products in south Africa. 69% of respondents agreed that they struggle to differentiate amongst the life insurance products. 45% rated their knowledge of life insurance products to be higher than average (Ramchander, 2016).

(Reifner & Herwig, 2003) explored the effectiveness of statutory law to drive financial consumer education and (McGregor, 2005) suggest for the education of consumers to focus on empowering consumers for longer term. Another study by (Bell & Eisingerich, 2007) found that customer loyalty has a conclusive relationship to customer education, implying that financially literate customers are likely to be loyal to investment services.

2.3.3 *Proposition 1*

The distribution of life insurance products through e-commerce is affected by the performance of other distribution channels, industry regulation and by the level of consumer education.

2.4 What are factors affecting adoption of e-commerce for life insurance in South Africa

Some of the factors that have been attributed to customers abandoning their carts when shopping online are the utility, how easy it is to use, attitude towards using the platform and the intention to use the platform. Interestingly, demographics have been disproven as a major factor in adoption of e-commerce channels and abandonment of carts when shopping online (Bellman, Lohse, & Johnson, 2009; Kennedy & Deeter-Schmelz, 2001). Gender and age were found to have little effect on use of technology in tasks related to insurance (Lee, Cheng, & Cheng, 2007). However, education and computer experience and cognitive style was, in the same study found to have a significant impact.

2.4.1 Research and organisation

As much as e-commerce business developers develop the channel to offer the same service as their physical channels and physical stores, online. There seems to be a mismatch to what the customers want to use the channel for. A significant factor as to why customers abandon their carts when shopping online is because they use the channel more for research, product evaluation, comparing options and general fact-finding and weighing of their options rather than for purchasing itself (Kukar-Kinney & Close, 2010). This shows a gap in the user needs versus the offering of business owners. A study in China by (Xu & Huang, 2015) found the same results where consumers were found to mainly use online channels for shopping and organising rather than having an intention to pay for goods. This might be partly influenced by security and privacy concerns, but users do not seem to have an intention to complete a sale but rather to do their homework before going into a physical store to buy goods. This is supported by how the internet evolved where in the 90’s it was a tool for sending emails and gathering information rather than a sales channel (Kennedy & Deeter-Schmelz, 2001).

It shows that users still have that attitude towards the internet. It would be interesting to see how user’s perception of the internet could be changed from being a place together information about products to them completely accepting is a formal marketplace like any other. Buyers viewed the internet as a means for sending emails and gathering information, supplements rather than replace sales channel. Searching for information on products on the internet is the most critical indicator of purchasing routines online. Second biggest factor is the quantify of free time they have (Bellman et al., 2009).

2.4.2 Technology and user experience

Engagement of any online platform is driven by design, and usability and applications being fit for the function they are intended for. User experience is concerned with how easy a platform is to use and how the user experiences the platform. It has been shown that if user experience on a website is a problem, users struggle to navigate it. (Toyin & Damilola, 2012). Struggling to navigate your way through a website would then affect your ability to complete a purchase online. Some studies have disproved this idea though, showing that the inconvenience of a transaction does not necessarily affect abandonment rates (Xu & Huang, 2015). As the major purpose users seek on these platforms is research. A possible gap might exist where certain products might be worth the struggle and inconvenience of a bad navigation versus other products that could be worth the hassle. A study by Doherty et al did come to this result where the perceived usefulness of a system was found to affect the ease of use, although ease of use is mainly supported by access of internet from home, previous experience buying online and product category (Doherty, Ellis-Chadwick, McKechnie, Winklhofer, & Ennew, 2006). Perceived ease of use does not directly influence behavioural intention to use but indirectly affects behavioural intention to use through perceived usefulness (Xu & Huang, 2015).

The innovativeness of the platform and the technology used to build the platform can affect the user experience of it. The innovations technology platforms bring are a way for customers to do things differently and with more speed. This element has been proved to influence the abandonment rates on e-commerce transaction in a study by (Javadi et al., 2012). but besides the experience on the plat from itself, the complete user experience of a purchase transaction is often affected by other parts of the process. Delivery of goods and returns and exchange policies also play a big role in determining a good experience for the customer. In Nigeria, where the country infrastructure is under-developed this proved to affect the adoption of e-commerce platforms and had a significant impact on abandonment rates (Toyin & Damilola, 2012); (Chiejina & Olamide, 2014). This seems to support the findings that customers use online platforms as a means of research and organisation since if they already know the delivery options are not feasible then why use the platform in the first place, except to only do research and investigations.

Web sites, clearly indicate that, in the late 1990s, the availability of the Internet to businesses large and small, continued advances in hardware, software, and network performance and ease of use; and achievement of a rapidly growing number of Web users in industry and at home, are giving rise to new selling technique (Gogan, 1996).

Demographics seem to play a very small role in understanding online buying habits. But buyers own perception of innovativeness and their perception of the internet as a convenient means and purchasing tool are more strongly related to buyer’s propensity to use the internet (Kennedy & Deeter-Schmelz, 2001).

2.4.3 Proposition 2

Consumers are innovation ready to complete the full process of purchasing a life insurance policy online.

2.5 How do we create positive perceptions toward e-commerce in the life insurance industry?

The attitude consumers have towards online shopping can be characterised by the positive emotions they associate with the experience. These positive emotions can be affected by the extent of use of the internet as a distribution channel (Doherty et al., 2006), i.e., the more positive online shopping experiences a customer has had the more positive their attitude is towards online shopping. Creating a positive experience for customers shopping online could be linked to the innovativeness of the technology and the user experience online. Negative experiences have been linked to feeling unsafe online and the extent of use of the internet. Any negative experience with shopping online is bound to create a negative attitude towards these channels.

2.5.1 High Prices

Customers are price sensitive and will always shop for cheaper prices. As they use online channels to research and organise pre-purchase, they tend to have a perception that online channels are where they can always find discounts and specials. From their perspective cost is one of the critical influencers of use of e-commerce channels. They will purchase on the channel if it is cheaper than the physical stores or channels. In a study by (Wu & Wang, 2005) it was suggested that cost affects a user's intention to use a platform. This impacts the abandonment rates if after comparisons customers do not find the specials they were looking for. A strategy that can be used to encourage completion of purchases is to send promotions on goods that are in abandonment carts and customers have shown that they will wait for discounts before completing their transaction (Kukar-Kinney & Close, 2010).

A negative perception held around prices on online channels is the fear that customers might be mistakenly charged twice for their transactions online. This was found to happen often enough to deter completion of purchases in Nigerian e-commerce sites (Toyin & Damilola, 2012). With customers being very price sensitive and already having fears around their security and privacy, this adds an additional negative attitude towards online channels.

2.5.2 Time Pressures

Time affects whether people buy goods online or not. People with busy lifestyles and therefore less time on their hands for physical shopping are more likely to buy online (Bellman et al., 2009). People who have very little time for physical shopping have a positive relationship with the usefulness factor of online channels. It was found that the more useful an e-commerce platform was the higher the number of online transactions that would occur (McCloskey, 2004).

Another time factor is the amount of time spent using Internet (previous experience or extent of use), which affects how often people bought online and how much was spent online. (McCloskey, 2004). The more time a user spends

Compatibility has the most important effect on behavioural intention to use and the second most important effect on the actual use (Wu & Wang, 2005). Households with two salaries value convenience and often look for new information sources. The second biggest factor is the amount of discretionary time they have (Bellman et al., 2009).

Demographics alone do not seem to influence whether someone buys online or not, however the higher the person's income, education, and age, the likely they are to buy online. Therefore, it is more a lifestyle variable, depending on amount of time a person has and the convenience they seek in their interactions and how much they enjoy being on the internet (Bellman et al., 2009).

2.5.3 Privacy and Security

Security and privacy are big factors that affect not only e-commerce transactions but the use of the internet. The threats associated with online transactions can have major financial losses and thereby affect the attitude customers have towards online platforms. The fear of losing money or any financial information creates a negative attitude towards online shopping (Javadi et al). In countries where infrastructure is not as developed and therefore the delivery of goods is not so reliable, the fear of goods not getting delivered further impacts how secure clients feel when shopping online, and these negative attitudes towards online shopping significantly affects user behaviour online. This is understandable considering the cybersecurity statistics across the world, it would be even more risky in financial services transactions which often required considerable amounts of data to complete.

Not all users are affected by this concern as some studies have disagreed with this view, inferring that security and privacy had no significant impact on online purchases (Doherty et al., 2006) and (McCloskey, 2004). Those users are likely to be driven by other lifestyle factors to continue to pursue online shopping. Perceived risk has a significant direct impact on behavioural intention to use (Wu & Wang, 2005). Security and privacy issues also influenced buying online. Concerns with credit card information (Bellman et al., 2009).

Customers use the shopping cart as an organisational tool, to influence them on what to buy at the physical store. The more time a customer waits for a discount or sale, the more they are likely to buy at physical store, lastly privacy and security concerns had no significant effect on the cart. The privacy and security concerns impact the decision to even begin the process of searching and buying but not necessarily the abandonment rate (Kukar-Kinney & Close, 2010).

2.5.4 Proposition 3

The perceptions towards shopping online can be improved by paying attention to the prices online, security as well as efficient processes.

2.6 What other disruptive factors influence e-commerce channels for life insurance products

2.6.1 Payment Methods

Electronic payment systems can be defined as payment methods that use electronic media that excludes cash (Fatonah et al., 2018). Some common payment models include digital cash, which uses a digital e-wallet, which caters for anonymous transactions as ; credit cards where the user has access to a credit facility that can also be used for online transactions and electronic fund transfers, where a clearing bank is responsible for transferring the money from the originator's account to the receiver's account (Adeyeye, 2008).

Merchants that offer pay on delivery option are among the top 10 most visited e-commerce sites in the country. These sites attract more traffic and therefore more business. These sites show higher online reputation stats as well, five times more than the score for e-commerce sites that do not offer this option. (Chiejina & Olamide, 2014). This method of payment is not viable for life insurance products as there is no physical product being delivered, but a monthly premium is collected as a requirement.

Access to debit and credit cards is a problem in the African context (Toyin & Damilola, 2012), which affects the ability for users to compete their purchases online. In a study in Nigeria to determine the most preferred payment method for online transactions, direct payments was the most preferred method, followed by the use of a credit card (Adeyeye, 2008).

2.6.2 Shifting success measures

Customers not completing their purchases are not necessarily something to be viewed negatively. Its more misunderstanding of purpose, by not buying completely, not all is lost, we need to shift our perception of the value of these applications to not only measure the final conversion. Its good insights, what are customers doing, what do they want and what are they doing there, valuable insights beyond just a sale (Kukar-Kinney & Close, 2010).

Entertainment value, customers acting out their shopping urges without necessarily spending the money. Same thrill of shopping. This can then increase brand value, if your applications are engaging and entertaining, customers will have positive things to say about your brand even though they have not bought anything (Kukar-Kinney & Close, 2010).

Your Omni-channel experience because very important as users abandon carts to go and buy physically. (Kukar-Kinney & Close, 2010).

2.6.3 Simplification of Insurance product sets

Traditionally insurance products are distributed by insurance agents who can inform customers of the most appropriate products for their needs. Simplification of product sets allows for the product distribution to be more transparent and reduces costs, leading to an increase in the insurance market (Sekolovska, 2012).

Insurers web presence increases credibility of the organisation, it should provide detailed information on the services and terms of the products offered by the insurer. Insurers are mainly using the internet as a one-way communication to their customers, updating product content and information on the insurer (Sekolovska, 2012). (Alipour, Dorodi, & Pishgahi, 2011).

The study concluded that managers were hesitant to implement e-business processes, citing the challenges that would be faced to do so and under-estimating the value that would be derived. The study also found that payment cards were a limiting factor and consumers do not trust e-commerce. (Sekolovska, 2012).

2.6.4 e-insurance

“E-insurance refers to the promotion, recommendation, negotiation, order, application and insurance policy payment of damage on the internet” (Sekolovska, 2012). E-insurance can generally be defined as the application of the internet and technologies related to the distribution and production of insurance services (Alipour et al., 2011).

Information technology has the ability to reduce distribution costs by improving information accessibility by consumers, intermediaries, underwriters and regulators, and by making, servicing and claims processes more efficient (Taylor, Celuch, & Goodwin, 2002).

Insurers are offering online quotes and applications but more so in the short-term insurance industry, but less progress in life insurance product sets as it is more difficult to achieve. This study found that the use of Information technology increased the brand and marketing activities and increased sales, and improved customer education and experiences as well (Odoyo & Nyangosi, 2011).

2.6.5 Proposition 4

The digital transformation and digital maturity of an organisation affect the success of the e-commerce strategy.

2.7 ANALYTICAL FRAMEWORK

2.7.1 The Utility Theory and Consumer behaviour

The Utility Theory was developed from the perspective that consumers make decisions based on what they expect the result to be. Consumers were viewed as having the ability to be rational when making decisions and only interested in serving their own interests. (Bray, 2008).

Present day research evolved to consider a wide range of factors that influence the decisions that a consumer makes during the process of purchasing goods. The factors include need recognition, the building of purchase intention, evaluation of alternatives the act of purchasing, information search, consumption, and disposal (Bray, 2008).

The definition of consumer behaviour is "The study of processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires" (Bamossy & Solomon, 2016).

Over the years the study of consumer behaviour has evolved and emerged into five major approaches: economic man, psychodynamic, behaviourist, cognitive and humanistic. The cognitive models of consumer behaviours created a framework that outlined the key factors that affect behaviour of consumers. The well-known frameworks include the Theory of buyer behaviour (John A Howard & Sheth, 1969) and the Consumer Decision Model (Kollat, Engel, & Blackwell, 1970).

2.7.2 Theory of Buyer Behaviour

The theory of buyer behaviour was developed as a structure of system that is used when a consumer is making a purchasing decision. (Jonh A Howard & Sheth, 2001) found that further than the proposal of the Utility theory, the "Buyer behaviour is rational within the limits of cognitive and learning capabilities and within the constraint of limited information". The purpose of their model was to create the ability to measure buyer behaviour in different purchasing scenarios.

The theory assumes that if behaviour is systematic, it is created by some occurrence in the consumer or in their surroundings. This can be seen as input into the system. It also caters for the assumption that as a consumer makes purchases regularly, he assimilates new and varying bits of information to inform their decision (John A Howard & Sheth, 1969).

The model is represented in the figure below:

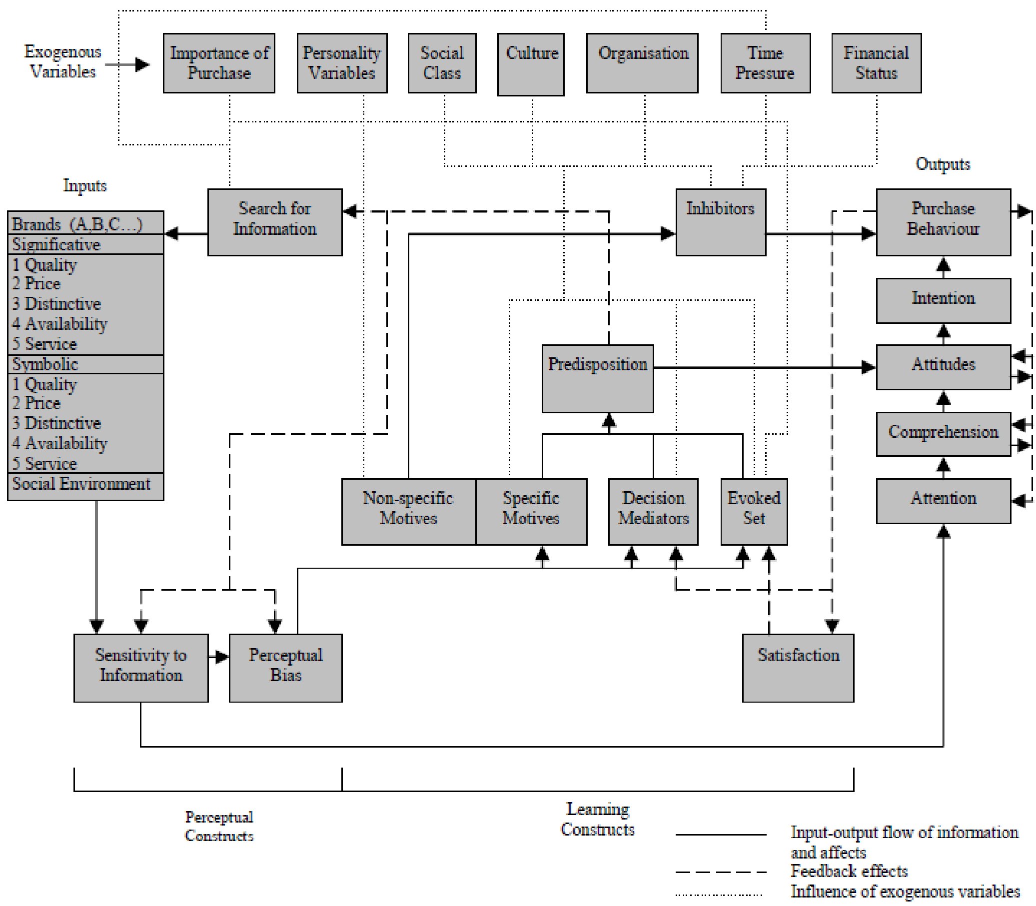


Figure 3: Model of the consumer behaviour theory

The theory of buyer behaviour is made up of four major components:

- Stimulus variables (Jonh A Howard & Sheth, 2001).
- Response variables (Jonh A Howard & Sheth, 2001).
- Hypothetical constructs (Jonh A Howard & Sheth, 2001).
- Exogenous variables (Jonh A Howard & Sheth, 2001).

Stimulus variables

The buyer is constantly affected by several stimuli from his surroundings. These surroundings can either be commercial or social in nature. The commercial environment is made up for the marketing activities of various organisations that include price, service, quality, distinctiveness, and availability, which can be termed significative stimuli. They could also made up of symbolic stimuli which include media, billboards, catalogues, or salespeople. The buyer's social environment is made up of mainly their social surroundings. The inputs from these categories determine the buyer's mental state. These are processed and stored though the buyer's interaction with a series of hypothetical constructs. The hypothetical constructs can be motives, brand potential, decision mediators, predisposition towards brands, inhibitors, and satisfaction with the purchase of a brand (Jonh A Howard & Sheth, 2001).

The second construct, namely perceptual construct, consists of sensitivity to information, perceptual bias and information search (Jonh A Howard & Sheth, 2001).

Perceptual bias refers to the tendency of the buyer to sometimes distort the information available to him to make it align to his own references. This has been displayed in the development of the Theories of cognitive consistency (Feldman 1966, Fishbein 1967). Which goes into detail on how the buyer's biases are and how they affect the decisions. However, this theory does not apply to other types of information for example word of mouth from the buyer's social circle, which would mostly align to their reference.

This refers to the buyer deliberately doing research. Which is vastly different than when a buyer happens to come across information. The difference being intention. When the buyer happens to come across information, we can assume it would have less bias (as discussed in construct 2) and could have more influence on the buyer (Jonh A Howard & Sheth, 2001).

A buyer may do research to better understand products and how they might meet his needs or when the buyer is seeking products that might meet his motives. Or when a buyer has become bored with their usual routine purchase and is seeking something new. The buyer is then likely to seek alternatives to the ones he has previously engaged with. Making him more receptive to what these new alternatives have to offer (Jonh A Howard & Sheth, 2001).

Response variables

Attention refers to the practice of quantifying the degree of attention a buyer gives to a certain message. How sensitive is the buyer to the information at hand? Their response will show the severity of absorption of the information. Comprehension refers to the buyer storing the knowledge about a brand. Various pieces of information around the brand could be stored. What the buyer remembers. The attitude towards a brand is based on the perception of the brand to have the ability to meet the buyer's needs. It includes the buyer's connotations of the brand. The intention to buy includes the buyer's forecast of which brand to buy as well as a forecast of inhibitors. Intention to buy is often used to predict the purchasing of durable goods. The Purchase behaviour is the actual act of buying. The buyer notes and stores the experience of shopping and buying. In this scenario the buyer's actions while buying would be studied. Time and motion for example. Or by asking the buyer to verbally describe their shopping experience and process (Jonh A Howard & Sheth, 2001).

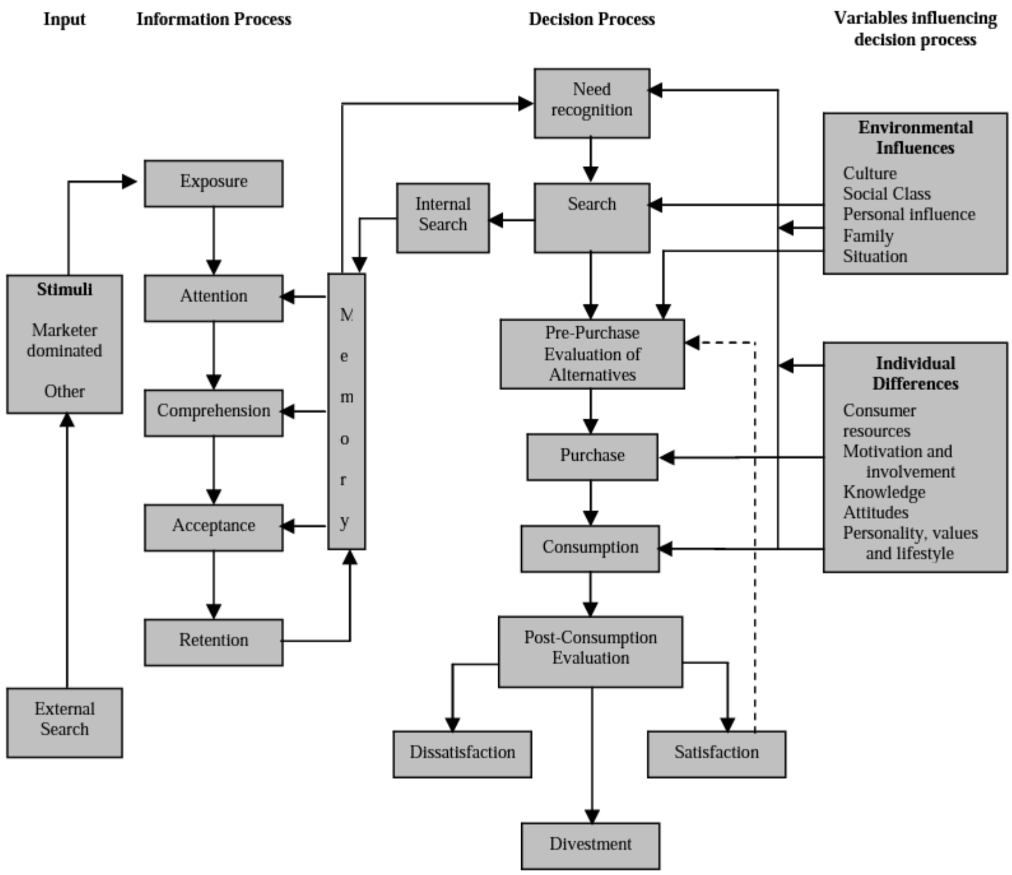
As the consumer learns these constructs change as buyers often generalise based on similar experiences they have had through other purchases. The insights the consumer gains as they do repeat purchases also adjusts these constructs, as a consumer learns through the availability of more information. (Jonh A Howard & Sheth, 2001).

The exogenous variables include the importance of purchase, which influences the amount of research a buyer does before a purchase. The time pressures that the consumer faces during the purchase process, the financial resources available to the consumer, the consumer's personality, their social setting, social class, and their culture (Jonh A Howard & Sheth, 2001).

2.7.3 Consumer Decision model

Consumer behaviour is the investigation of all the variables involved when a customer uses or buys products (Hawkins, Best, & Coney, 2009).

Consumer purchases are about problem solving. It is the process of a consumer conducting research, analysing those outputs, and deciding on the option that makes the most sense (Prasad & Jha, 2014). Numerous decision models have been developed over the years. The revised consumer decision model as developed by Engel-Blackwell, is represented as below (Bray, 2008).



Source: (Blackwell,Miniard *et al.* 2001)

This model is suitable for “extended problem solving” as well as “simple problem” solving. By applying various degrees of relevance of the stages of the model. For example, information search would be extended for a complex problem vs for a simple problem. Information undergoes five stages of processing before storage and use, namely, exposure, attention, comprehension, acceptance, and retention.

Consumers have alternative choices which are determined by beliefs, attitudes, and purchase intentions. The evaluation being influenced by environmental variables and individual variables (Bray, 2008).

2.8 Diffusion of Innovations Theory

A theory is set of ideas or a set of principles that are utilised to explain facts or events (Peter et al., 2017).

The history of The Diffusion of Innovation Theory was conceptualised in 1903 by Gabriel Tarde, who plotted the diffusion curve. Ryan and Gross in 1943 introduced the adopter categories that are now used in the theory that has been widespread by the work of Everette Rogers (Kaminski, 2011).

The idea of opinion leaders and opinion followers and the influences of media on these two groups was introduced by Katz in 1957. The Diffusion of Innovation Theory is a template used as an approach to implement technology innovations, where the innovation at hand is marketed in ways that the different levels of adopters can identify with (Kaminski, 2011).

The theory outlines the process that consumers follow when adopting a new idea, concept, or product. Rogers articulated this by showing that in the early stages of a concept or product, few will buy into the concept and then proceed to inform others, as more are informed more people become open to the idea which leads to the development of a "critical mass". Over time the idea is diffused amongst the population until a saturation point is reached (Kaminski, 2011).

Rogers identified five categories of adopters of an innovation:

The Innovators (2.5%)

The innovators are also known as the “technology enthusiasts”. They have generally adopted innovations the fastest out of all categories. They have an appetite to take risks, as they have a good knowledge of complex technical concepts to cope. They also love the idea of being “change agents”. They can be considered as the gatekeeps for the next group of adopters and should be recruited to educate their peers.

Early Adopters (13.5%)

The early adopters are also known as the “visionaries”. They can be considered as opinion leaders; they generally love setting new trends. They are usually perceived as role models in their societies. They also have a high appetite to take risks. They are not too concerned about being cost effective. They are a good source of testing resources for innovation trials.

Early majority (34%)

The early majority are also referred to as the “Pragmatists”. They can also be considered as opinion leaders. They prefer changes to be evolutionary to gain productivity in enhancements. They prefer concepts that are already proved as that gives them the comfort that the concept is reliable. They prefer simplicity. They avoid risks and will only buy into something that a peer in the same industry has already bought into to avoid risk. They are sensitive to costs and require slow and steady training.

Late majority (34%)

The late majority is considered conservative in nature. they do however to respond to peer pressure and a perceived need. They are often cautious and shy to try new technologies. They are sensitive to costs. They are only motivated by the need to keep up with competitors or proven trends in their industry. They can be easily influenced by laggards.

<u>*Laggards (16%)*</u>

The late majority is often sceptical. They often have very little interaction with the thought leaders. They prefer to refer to the way things have been done historically. They do not trust innovation; they often take too long to make decisions. They would rather keep things as they are. They only invest in technology if there is no other good enough alternative.

At times, another group is factored in, which are the non-adopters. The figure below was developed by Rogers to map out the categories as follows:

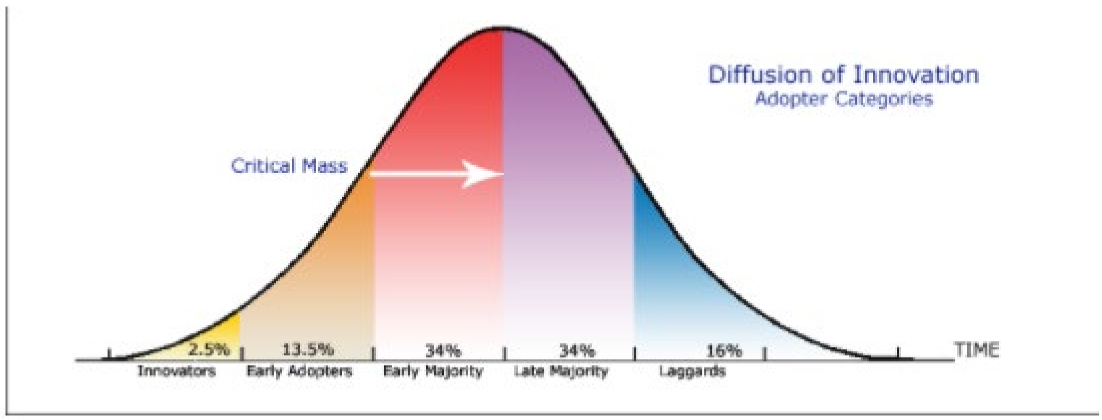


Figure 4: Diffusion of innovation curve

The process of diffusion can be represented by the S-curve as depicted below:

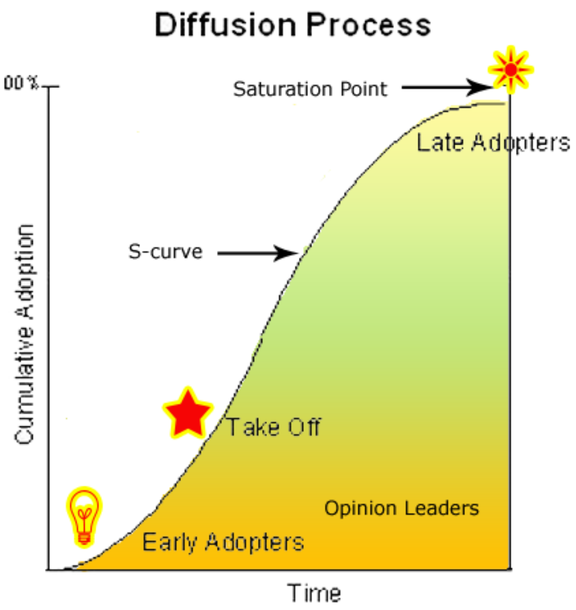


Figure 5: Diffusion process

Rogers proposed five stages to the adoption process:

Five attributes of an innovation that affect its rate of adoption by users. Observability, relative advantage, compatibility, trialability, and complexity (Rogers, 1995). When each of these characteristics increase, the rate of adoption should increase. Except for complexity, where a decrease results in the increase of adoption. Observability is the extent to which the outputs of an innovation are visible to potential adopters. Relative advantage refers to the perceived improvement of what currently exists. Compatibility measures how the innovation is in harmony with the values, experiences and needs of the user. Complexity refers to the ability of the user to understand the use of the innovation easily. Simpler ideas are easier for consumers to adopt. Trialability is the degree at which the user can test the innovation before it can be fully adopted and used (Lundblad, 2003).

Another factor considered in the theory of diffusion of innovation is the methods of communication involved in sharing the information pertaining to the innovation.

Communication channels include media, radio, television, newspapers, or word of mouth communication (Rogers, 1995).

Time is another factor that is considered in the theory. Time is relevant in the innovation adoption process, the innovation adopter categories, and the rate of adoption (Lundblad, 2003).

The final factor that is considered is the social system. This refers to the groups of people involved in the innovation adoption process. It could be consumers, employees of an organisation, a population, or a society (Kaminski, 2011). Champions, Opinion leaders, and change agents, are the people who have the power to influence the diffusion of innovation within a social system.

2.9 Conceptual framework

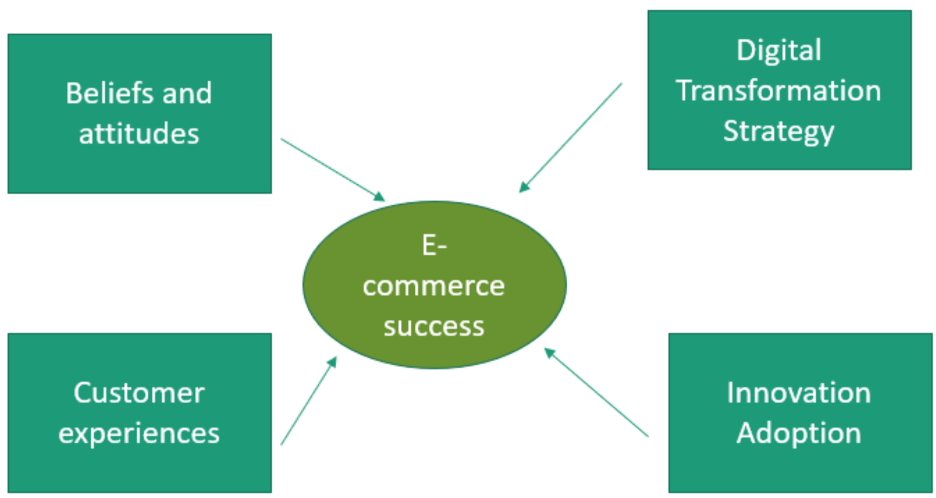


Figure 6: Conceptual framework

Driving the successful adoption of e-commerce channels is underpinned by the variables of the beliefs and attitudes of consumers towards the product as well as the channel. The theory of buyer behaviour will underpin the testing of the proposition around the perceptions of the south African market towards e-commerce in this product category. The Diffusion of innovation theory offers a lens to understand how the consumers could potentially adopt these channels as it is a theory that has been widely accepted when exploring adoption of new technologies and will be utilised to study the construct of how innovation adoption will affect the success of digital channels. The experiences of the customers during the purchasing process are an additional angle that can be explored in unpacking the proposition around the likelihood of a consumer completing the process of purchasing a life insurance policy online, the exploration of this research question will be underpinned by the consumer decision model. The framework also includes the important lens of how the organisation that would be driving the adoption of these channels would set itself up to do so successfully from a strategic direction.

These three theories, the Theory of buyer behaviour, The consumer decision model and the Diffusion of innovation theory, are grounded in academic literature have been combined to create the theoretical framework that will applied to test the propositions presented.

2.10 Conclusion of Literature Review

The literature review explored the existing literature about the factors that determine the success of e-commerce channels for life insurance products. These factors include research and organisation, technology and user experience, high prices, time pressure, privacy, and the payment methods.

RQ #	Research Question	Prop #	Proposition
1.	How do insurers create a positive perception towards e-commerce in the life insurance industry?	1	Perceptions towards shopping online can be improved by paying attention to the prices online, security as well as efficient processes online.
2.	How should insurers drive e-commerce adoption for life insurance products?	2	The distribution of life insurance products through e-commerce is affected by the performance of other distribution channels, by the regulations and by the level of consumer education.
3.	What other disruptive factors influence e-commerce channels in life insurance?	3	The digital transformation and digital maturity of the origination directly affects the success of the e-commerce strategy.
4.	Are consumers ready to adopt the process of	4	Consumers are innovation ready to complete the full process of

RQ #	Research Question	Prop #	Proposition
	purchasing a life insurance policy online?		purchasing a life insurance policy online.

Table 3: Consistency table: research questions and propositions

3 Chapter 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter will outline the research strategy applied when conducting the study as well as how the research was designed. It will discuss the options that the researcher had, which were selected, and why.

The chapter will also cover, the details around the methodology that was followed, the research methods utilised, the research instruments deployed, the sampling as well as the timeframe in which it was conducted.

3.2 Research approach

(Leavy, 2017), discusses five approaches to research: Quantitative, Qualitative, Mixed methods research (MMR), Arts-based research (ABR) and Community based participatory research (CBPR).

Quantitative research often uses approaches that aim to prove, disprove existing theories. This approach involves measuring relationships between variables to discover patterns, correlations, or casual relationships. The research often results in the collection of data that produces statistical data. The foundation in this research approach includes neutrality, objectivity, and statistical overview from large samples. This approach is valid when the main goal is to explain or evaluate a specific phenomenon (Leavy, 2017). This approach was not deemed as appropriate for this research as the study is explorative in nature and is not focusing on a relationship between two specific variables.

Qualitative research generally utilises logical approaches to establishing knowledge. This approach is often used to learn about social phenomenon. (Leavy, 2014). Qualitative research caters for people's experiences, and opinions to get an understanding. Data can be collected from a small sample but with rich information. This research methods is appropriate when the study aims to explore, describe or explain (Leavy, 2017). This approach was the selected approach of this research since the research is explorative in nature. The study aimed to explore possible answers to the research questions posed in the South African context.

Mixed methods research entails utilising both quantitative and qualitative methods in one study (Leavy, 2017). This approach provides the ability to overcome the weaknesses that one approach would have presented while leveraging the strengths of both (Almalki, 2016), which offers wider answers that if a single method was utilised. This method might have been applicable for this study however, would have presented challenges considering that the skills to utilise both approaches would be required. Also, the time frame that the researcher had would not have been sufficient to employ this strategy. Future studies in a context of a longer period would produce richer outcomes if combining the two approaches.

Art based research (ABR) involves adapting the tenets of the creative arts into a social research project (Leavy, 2017). This approach is used to address social research questions using both theory and practice. This approach incorporates writing, music, art, dance, and performance. This approach is appropriate when he aim is to evoke, provoke or unsettle (Leavy, 2017). This approach was not a consideration in this study as the context of the study is digital transformation in insurance organisations, the art-form would have not been appropriate at all.

Community based participatory research (CBPR) involves participation between academic scholars and non-academic stakeholders. This approach is useful in involving communities to be a apart of the research process and achieves the objective of community change or action (Leavy, 2017). This approach was not appropriate in this study as the study was not focused on achieving change in social communities or actions, but rather in exploring relationships between the insurance organisations and consumers of life insurance products.

Notable research elements can be split into three categories: philosophical, praxis and ethics. The philosophical parts of research answer the question “ what do we believe” and the praxis elements of research answer the question “ what do we do” (Leavy, 2017). The philosophical elements include Ontology and Epistemology. The praxis elements include methodology and theory.

Ontology involves being specific about what is intrinsic and important in the phenomenon presented by the concept. In qualitative research the focus is to spot the defining attributes of a concept , which this study set out to do (Goertz & Mahoney, 2012). When asking about the meaning of an idea, one is asking about the nature of what is existing (Goertz & Mahoney, 2012), typical answers in qualitative approaches often involve a list of factors or characteristics that can present the answer. This study set out to achieve a list of factors that would enable successful adoption of e-commerce channels and not necessarily numerical or statistical indicators of this phenomena.

Epistemology is a philosophical belief system about how research proceeds and what counts as knowledge (Leavy, 2017). It informs how we present the role of the researcher and the relationship between the researcher and research participants. Key epistemological differences between qualitative and quantitative research is the items that would be considered material in qualitative approaches but require increased level of measurement in quantitative approaches (Goertz & Mahoney, 2012). The researcher in this study immersed themselves in the context of the selected site to understand the experiences and views of the participants to deduct knowledge. Consistency in the interactions with the participants was applied to ensure reliability and objectivity.

3.3 Research design

“Research is a systematic quest for undiscovered knowledge. Good research is systematic in that it is planned, organised, and has a specific goal” (Goddard & Melville, 2004).

Praxis refers to the actual conducting of the research, there are numerous tools that can be used to do research, which when combined together can become a methodology of how the research will be executed (Goertz & Mahoney, 2012). The research method can consist of interviews, collected data, observation, or surveys. The information collected can then be analysed to uncover themes and conclusions (Goddard & Melville, 2004)

The study set out to get answers to the research questions posed, making it exploratory in nature. Exploratory research seeks to study, examine, analyse or investigate something (Stebbins, 2001). Exploratory research design is useful when the researcher has no previous experience in the study or when there has been few similar studies conducted (Thomas & Lawal, 2020).

Two categories of reasoning referred to by are inductive or deductive. The deductive approach starts off with general ideas that end up as specific results, while the inductive approach starts off with specifics that end up as general. Results based on observation or experience are best presented inductively. While those deduced from rules and laws are best presented deductively. In the process of research, the quantitative analysis approaches are used for deductive approaches and qualitative analysis is utilised for inductive approaches.(Abrams, 1980). Therefore, qualitative analysis was selected as the appropriate analysis method for this study. A case study approach conducted through one-on-one interviews at an organisation in Johannesburg was selected.

3.4 Research Strategy

Descriptive research also known as “case study” research involves studying a specific situation to see if it brings to light any general theories or if existing theories are created out of that specific situation. This type of research may be utilised when the study is complex. (Goddard & Melville, 2004). It can also be understood as seeking to understand affairs as they are at a present time. The researcher has dominance over the elements involved in this type of study and can only report on what has happened. (Kothari, 2004). A case study is an appropriate method commonly used to study organisational behaviour. It is useful to study a specific phenomenon at a specific time. It offers the ability to collect both qualitative data as well as quantitative data at the same time (Aaltio & Heilmann, 2010). The case study is commonly used in business and economic to study the application of frameworks within the organisation. The methodology provides learnings by investigating practical applications of frameworks and theories, making the study practical (Aaltio & Heilmann, 2010). Case studies have challenges that are like any other data collection method which includes the design of questions, the researchers’ skills in analysis and the setting in which the research is undertaken (Aaltio & Heilmann, 2010).

The researcher elected to conduct a wholistic case study to enable the research questions to be explored with depth within one organisation. The organisation selected was an appropriate study as it already has e-commerce channels for the life insurance product, which is the focus at hand. Studying one case enabled the researcher to observe and collect data in depth without introducing the complexity of various settings. The observations and data collected is deemed as reliable and can be replicated by another researcher at a similar organisation.

The research was conducted at a case site of one of the top four insurers in South Africa. The selected case was relevant for the study as they hold a significant market share in the life insurance sector. The selected case has existing e-commerce channels that have been built and operationalised for the sale of life insurance products. This site was relevant for this study as it met the key criteria required as per the research design proposed. One on one structured interviews were conducted with various levels of management employees of the organisation over a period of two months.

3.4 Data collection methods

A research method is a tool for collecting or generating data (Leavy, 2017). The appropriate research method that will produce the best data for the study is selected. The interview format is one of the methods used for qualitative data collection. Interviews may be structured, semi-structured, in-depth, focus groups or oral history interviews (Leavy, 2017). The method of selecting was based on the research questions and the theories that are the cornerstone of the study as well as availability of the participants. To give the research a theoretical foundation as a point of departure the theoretical frameworks discussed in Chapter 2 were used as the basis for creating the research instrument. The research instrument contained questions related to the perceptions and attitudes of consumers towards life insurance product. It included questions around adoption of innovation, as well as questions relating to customer experiences and digital transformation categories. The theoretical framework is the foundation from which all knowledge is built (Osanloo & Grant, 2016). It provided the basis for the development of the research design and analysis.

The research method selected was structured one on one interviews conducted online using Microsoft teams. This method was selected due to social distancing constraints as well as time constraints. The structured interview method was appropriate as the research instrument was conducted based on the theoretical framework. The online meeting recording enabled preparation of the data for analysis and interpretation as transcripts could be generated automatically, mitigating the time constraints of the data collection process.

3.5 Population and sample

Because it would a struggle to reach an entire population of participants that can provide data to answer a research question, it is convenient to use sampling (Barreiro & Albandoz, 2001). Sampling involves the consideration of sample size, selection method and reliability degree of conclusions that can be obtained (Barreiro & Albandoz, 2001). Sampling errors can be classified into selection error, where certain members of the population are more likely to be selected than others, as well as non-answer errors, where there is a possibility that some members of the population cannot answer or do not want to answer certain questions (Barreiro & Albandoz, 2001).

Sampling techniques include:

a. Probability sampling, where each sample has the same probability to be chosen
b. Purposive sampling, where the one selecting the sample ensures that the sample is representative depending on their opinion or purpose
c. Non-rule sampling where sampling is done without considering any rules if the sample is homogeneous and there is no selection bias (Barreiro & Albandoz, 2001).

3.5.1 Sample and sampling method

Non-probability sampling is often used in a case study research design and qualitative research approach (Taherdoost, 2016). The sample should be broad enough to capture many facets of a phenomenon and limitations to the sample should be clearly justified (Kuper et al., 2008). Unlike quantitative research approaches, qualitative research does not usually have a predetermined sample size, sampling would halt at a point where the understanding of the phenomenon at hand has been achieved, which is referred to as saturation (Kuper et al., 2008). Quota sampling, which is a form of purposive sampling, is a non-random sampling technique in which participants are chosen based on predetermined characteristics (Taherdoost, 2016).

The population of the study is a total of 880 employees, 300 of those employees formed part of the business unit which is responsible for the life insurance product. Out of that number 82 make up the various levels of management who would have the ability to participate in the interviews conducted for the study. 20 participants were selected to take part in the study, which was considered as a good representation of the sample as supported by (Boddy, 2016) who suggests that saturation is often reached at approximately twelve participants of qualitative studies and where a sample size of one participant can also be justified. In this study fifteen employee participants were selected within the organisation along with five customers to balance the point of saturation.

3.6 Procedure for data collection

Qualitative research methods mostly utilise interviews, diaries, journals, classroom observations and open ended questionnaires to obtain, analyse, and interpret data (Zohrabi, 2013). The interview approach that was used in this study consisted of identifying the participants, obtaining permission for their participation as well as drafting the interview guide that would be utilised during the interviews. The interview guide was made up of open-ended questions which were developed from the literature review conducted and the relevant theories that formed the foundation of the study. Open ended questions give the researcher the ability to obtain a greater level of discovery, but also make it more difficult to compare the outputs of the discussions (Zohrabi, 2013). It is however better to have both open ended and closed ended questions in the research instrument.

Interviews are used regularly to collect qualitative data. They allow the researcher to get a clearer understanding of what is happening in the participants' mind (Zohrabi, 2013). Person to person interviews were conducted with each responded, the interviews were on average 45 minutes each. The pros of conducting person to person interviews include:

- Ability to measure attitudes (Zohrabi, 2013)
- Allow probing (Zohrabi, 2013)
- Can provide in-depth information (Zohrabi, 2013)
- Allow good interpretive validity (Zohrabi, 2013)
- Quick turnaround for telephone interviews (Zohrabi, 2013)
- Moderately high measurement validity for well-constructed and well tested interview protocols (Zohrabi, 2013)
- Useful for explorative confirmation(Zohrabi, 2013)

Some weaknesses of the interview approach:

1. In person interviews are expensive and time consuming
2. Perceived anonymity by respondents possibly low
3. Data analysis becomes time-consuming for open ended questions (Zohrabi, 2013)

3.7 Data analysis and interpretation

The six analysis methods that were considered as options for analysis are:

1. Content analysis (Adu, 2019)
2. Narrative analysis (Adu, 2019)
3. Discourse analysis (Adu, 2019)
4. Thematic analysis(Adu, 2019)
5. Grounded theory and (Adu, 2019)
6. Interpretative phenomenological analysis (IPA) (Adu, 2019)

The researcher considered all the above methods and deemed the thematic analysis approach to be the most appropriate for the study.

Content analysis is a method for analysing the content of a variety of data, such as visual and verbal data. It enables the reduction of phenomena or events into defined categories to better analyse and interpret them (Harwood & Garry, 2003). This method was not applied to the data as it was not appropriate for the data collected as it was not visual in nature.

Narrative analysis focuses on categorising participants' stories based on six components of a narrative (Adu, 2019). When analysing narrative data, we look for the abstract, characters, time and setting, complication action, the result, and the conclusion of the story. This approach is appropriate to use when seeking insight into people' worldviews and perspectives (Adu, 2019). This method was not selected as participants in the study were asked pre-determined questions found in the research instrument and were not expected to narrate their own stories.

Discourse analysis is focused on analysing communication in the medium of language, it can also include media such as music, clothing, architecture and dance to build a connection between language and other forms of media (Johnstone, 2017). Communication can also include manual language in the form of sign language. This form of analysis is appropriate to use when studying culture or power dynamics or for analysing the use of language within a context or culture (Adu, 2019). The study was not focused on analysis language and culture; therefore this method was not fit for use.

Grounded Theory uses a data driven theory to explain a process or behaviour, an experience, or a phenomenon. The theory determines relationships between concepts generated from the data (Adu, 2019). This approach aims to build a new theory based on the data where the theory is built from the ground up. This approach is appropriate to use when the intention is to build a theory (Adu, 2019). This method was not used as the study set out to discover a list of factors and not to build a new theory.

IPA focuses on collecting and analysing participants' lived experiences (Adu, 2019). With this analysis approach participants present their own experiences and what perspectives they formed through them, and the researcher interprets these by combining their history and circumstances (Adu, 2019). This method is appropriate to use when trying to understand people and what they do, which was not the purpose of the study and was therefore not used.

Thematic analysis is a method for systematically identifying, organising, and offering insight into patterns of meaning across a data set (Braun & Clarke, 2012). This allows the researcher to make sense of the meaning of experiences shared by a group. Not every pattern or theme is considered important, only those that are key in answering the research questions at hand are key (Braun & Clarke, 2012). Thematic analysis was deemed as appropriate in this study to uncover the themes that emerge from the data to get to the factors that influence the success of e-commerce channels in life insurance in South Africa.

From the structured interviews that were conducted with the participants of the chosen sample, transcripts were generated and verified for validity with the participants. Transcription involves close observation of data through the listening repeatedly to it as the first step of analysis, this will assist in getting familiar with the responses that were given rather than what was perceived or expected to enable ideas or themes to emerge (Taherdoost, 2016).

Description focused coding where relevant excepts were selected and relevant codes were applied that are applicable, to the research questions of the study. This allows concepts and themes to naturally emerge (Alasti et al., 2001). Interpretations focused coding was also applied where relevant excerpts were interpreted in their context to create a code (Adu, 2019).

The following process was followed in analysis the data:

1. Key phrases that were relevant to the research questions were identified in the data
2. The data was reduced using the key phrases identified

3. Descriptive focused coding and interpretative focused coding was applied
4. Appropriate labels were created and applied to the emergent themes
5. The labels were then categories into bigger categories or themes
6. The themes emerged through the process of identification and labelling
7. The list of themes was consolidated to end up with five main themes.

3.8 Limitations of the study

The following limitations have been identified with the case study approach that will be undertaken.

1. The sample are employees of the organisation and might not be as open and honest as independent parties
2. Due to the restrictions of the pandemic and social contact the interviews could not be conducted in person at the premises of the organisation
3. Technology constraints of the online interviews via MS Teams at times limited the ability to have the video camera on, which removed the ability to see the participants' reactions.

3.9 Transferability and Dependability

3.9.1 Transferability

Transferability touches on the degree to which the results of the study can be transferred to other social settings (Kuper et al., 2008). This can be assisted by the results advance theoretical understanding and how they can be applied to multiple settings (Kuper et al., 2008). A method to enhance transferability is to characterise the features of the research setting (Rodon & Sesé, 2008).

The key features of the research setting will lend the study to be transferable to similar settings. The results of the research will be transferable to Insurance organisations of similar size, similar operating models, similar product sets and similar skill sets.

3.9.2 Credibility

The philosophical and methodological concerns on the trustworthiness of qualitative research findings are:

- Qualitative studies should be judged using the same criteria and terminology as quantitative studies (Rodon & Sesé, 2008)
- It is impossible, in a meaningful way, for any criteria to be used to judge qualitative studies (Rodon & Sesé, 2008)
- Qualitative studies should be judged using criteria that are developed for and fit for the qualitative paradigm (Rodon & Sesé, 2008)

Qualitative researchers should aim to achieve reliable and valid results. Three types of validity should be considered, content, hypothesis and predictive (Rodon & Sesé, 2008). It has been suggested that one way to ensure credibility of a quantitative study is to get a colleague to review the data and to categorise themes, and compare these with the themes the researcher came up with, alternatively to enlist the services of an expert to verify the categories of themes presented (Rodon & Sesé, 2008). About neutrality, it is suggested that the researcher pre-state their existing biases or subjective judgement explicitly. The process of triangulation also establishes credibility of qualitative studies.

To ensure credibility the interviews were recorded to ensure playback of the participants comments can be retrieved. The electronic software that was used also generated an automated transcript which was used to validate the transcripts of the researchers in cases where the audio was weak.

The interview transcripts were validated with the participants to review for further checks of accuracy. Unfortunately, due to the covid 19 restrictions, prolonged engagement on site was not possible due to social distancing measures. However, the results of the data collection and analysis was also sent back to the participants for their review as many of them requested so.

3.9.3 Dependability

Dependability involves the researcher's ability to audit their own work. The researcher peer reviewed the analysis approach applied with other researchers and with the supervisor. A sample of the coding and techniques followed was sent for peer review before the full data analysis took place. The research supervisor also reviewed the data analysis conducted to ensure its quality.

A summary of the themes and findings of the research and interpretation were made available to the participants to confirm that no misrepresentation or interpretation was applied on their responses.

3.10 Demographic profile of participants

The demographics of race, gender or age will not be a factor in this study. The demographics of the participants will therefore not be pre-determined upfront. The participants in the study are based on their roles and influence on digital transformation in the organisation.

3.11 Ethical considerations

Ethics can be defined as morality, integrity, fairness and truthfulness (Leavy, 2017). Morality can be defined as what is right or wrong, integrity is the ability to act based on that knowledge. (Leavy, 2017). Ethics are crucial in social research to ensure no harm is caused during the study. Every aspect of dealing with the participants of our study requires ethical consideration (Gregory, 2003). The ethical considerations were applied when designing the study and the method of data collection.

Permission was sought and obtained from the case site's Head of people to follow the protocols of the organisation as well as to protect the interests of the participants. The selection of the participants was not biased on any demographic factors. The participants were selected purely for the roles they perform in the organisation. Where required the participants line managers were informed of the intention to participate in the data collection process

Ethically, all participants were required to give signed permission and acknowledgement of participation in the study. A clear understanding of how the data collected will be utilised and the boundaries of use of the data was stipulated in writing. The respondents were given permission to rescind their participation in the study at any point in time. No identification of individuals was detailed in the report of the data.

Approval and guidance of the University's ethics committee was also obtained before any data collection commenced.

3.12 Conclusion

This chapter detailed the research approach, strategy and data collection methods utilised to answer the research questions posed. A qualitative approach was selected as the appropriate approach for the study. The study was conducted at a case site where a sample of 20 respondents participated in the one-on-one interviews for data collection. An additional control group of five customers also participated in the study. Thematic analysis was the most data analysis method selected, which produced five key themes from the data collected.

Chapter 4: Presentation of Findings

4.1 Introduction

This chapter will focus on presenting back the findings as produced by the data collection process. The process of data collection was conducted at the site of the case study via interviews with management staff of the organisation over a period of two months. The data was then analysed utilising the Thematic analysis approach. The thematic analysis produced categories of themes which will be discussed in this chapter. The analysis was focused on deriving answers from the data collected to answer the following research questions as discussed in chapter 1:

1. How do we create a positive perception towards e-commerce in the life insurance industry?
2. How should insurers drive e-commerce adoption for life insurance products?
3. What other disruptive factors influence e-commerce channels in life insurance?
4. Are consumers ready to adopt the process of purchasing a life insurance policy online?

The rest of this chapter will focus on describing the process of analysis that was followed, the setting of the case site and then proceed to present the themes that emerged through the data analysis. The chapter concludes with a summary of the findings.

4.2 Data Analysis Process

Thematic analysis was selected as the most appropriate data analysis method. The researcher conducted all interviews on MS Teams, the application produced recording and automated transcripts. The first step in the process was to validate the automated transcripts against the recordings to ensure that the transcripts were accurate. Corrections were made where necessary. The researcher then proceeded to read through all the transcripts with the research questions in mind with the intention of identifying themes and patterns in the data that answers the research questions.

Key words and phrases that represented significant information in the data highlighted and manually coded. This was a system of reducing the data without losing meaning. Descriptive focused coding and interpretation focused coding was applied, where the relevant excerpts were selected to create a code and codes that reflect interpretation of excerpts considering the context of the research. anchor codes were then identified which was used to create categories to group the relevant codes together. these categories produce the themes that emerged. No software was used in this process, it was conducted manually on MS word.

The five major themes that emerged were:

1. Marketing activities
2. Trust
3. User experience
4. consumer education
5. digital transformation strategy

4.3 Context of the Case study

This case study was conducted at one of the four major insurers in South Africa, the insurer has both a short-term insurance licence as well as a long-term insurance licence. No participants from the short-term business unit were considered as part of the study since the research is focused on the life insurance product set. The organisation has e-commerce channels which have been in existence since 2015. These channels include a platform to purchase a policy, a platform to view and update policy details and customer information and a platform where a policyholder can submit a claim on an existing policy. The adoption of the organisation's e-commerce channels has been slow and below the predicted numbers. The organisation is seeking to increase the adoption of these channels to provide customers with efficient processes and to keep abreast of their competitors.

4.3.1 Profile of respondents

The table below details the profiles of the participants that took part in the study. The participants were selected due to their roles' involvement in various processes of value chain of the organisation. The roles spanned across IT, Marketing, Customer, Distribution. The selection of participants ensured diversity in the years of experience. The participants were also spread across senior, middle, and junior management to further increase variety in experience level and involvement in the delivery of the digital channels.

Five customers were also included as participant in the study to get an understanding of what their needs would be when utilising e-commerce channels as well as to understand what would impact their adoption of such channels.

Internal Staff Participants:

Role	Department	Management level	Years in role	No of participants
Chief information Officer	I.T	Senior Management	1 year	1
Head: Architecture	I.T	Senior Management	5years	1
Manager: Customer Engagement	Customer	Middle management	1 year	1
Manager: Customer experience	Customer	Middle management	7 years	1
Marketing Manager	Marketing	Middle management	5 years	1
Marketing specialist	Marketing	Junior management	1 year	1
Communications specialist	Marketing	Junior management	2 years	1
Manager: Claims	Operations	Middle management	6	1
Manager: customer complaints	Operations	Middle management	2	1
Manager: Compliance	Risk	Middle management	2	1
Manager: Consumer Education	Customer	Middle Management	2	1
Key Account Manager: Retail	Distribution	Middle management	4	1
Software engineer	I.T	Junior management	2	4

Table 4: Internal staff participants

Customers as participants

Customer	**Age group**	**Education level**	**Occupation**
Customer 1	40-50 yrs	Post graduate degree	Business
Customer 2	30- 40 yrs	Undergraduate degree	I.T
Customer 3	20-30 yrs	Undergraduate degree	Consulting
Customer 4	30-40 yrs	Post graduate degree	Legal
Customer 5	30-40 yrs	Post graduate degree	Finance

Table 5: Customer participants

4.4 Emerging Themes

4.4.1 Marketing activities

The marketing activities of an organisation will impact the performance of their e-commerce business. These marketing activities include brand building, visibility of the brand, word of mouth as well as the digital marketing activities.

A well-known and recognisable brand affects the perceptions of potential customers when conducting research for the purposes of purchasing a policy. Customers are unlikely to adopt digital channels of brands they are not familiar with. Customers are also unlikely to make long term purchases such as life insurance from a brand they perceive negatively. They are more likely to purchase insurance from the same insurers that others in their communities, their friends and families have also purchased life insurance policies from.

"With insurance related or product related cases consumers may need to have been like some constant messaging subconsciously planted in their awareness through a form of advertising. I don't believe that people see something for the first time and go into it" (*MM)*

It is key that insurance providers focus their brand building exercises around their success stories around paying out of claims. The word-of-mouth experiences focus mainly on whether claims on policies were paid or not. Customers are less interested in the sponsorships the company is associated with or their level of innovation.

"Uh, people go and look at social media platforms. They look at reviews. They would basically research the company themselves. You know, mostly, you know before you would rely on adverts." *(CM)*

The data collected from the participants showed that they believe that the perceptions of the customers are an important consideration in any insurance business.. The customers prefer to purchase life insurance products from insurance brands that they are familiar with. The respondents also noted that perception of the brand is likely to be influenced by the perceptions or experiences that their own friends and families have. Word of mouth is an influential form of marketing that drives brand perception and therefore influences consumer purchasing decisions. When asked who consumers trust to recommend insurance providers and products to them a participant responded:

"Someone who they know right? Or someone who was recommended by someone who they know." *(KAM)*

" I noticed if someone uses a specific financial advisor where, then it will be easier for me to trust that person reason being, that person has already earned the trust of someone I know or is trusted by my family. Yeah, that that's how in the Township lifestyle" *(CCM)*

None of the participants had come across an actual marketing strategy that details the activities the organisation would undertake to promote and build awareness of their e-commerce channels, however they believed that the organisation has a strong brand that has been built through the 40 years of existence of the organisation and that this brand has positive perceptions with customers. The participants believe that more effort can be put into additional digital marketing activities, particularly on social media platforms where the disbursement of information is more viral and can reach more consumers.

Social media influence

The data suggests that the activities and sentiments on social media also play a significant role in influencing consumer perceptions for insurance products. Social media is a powerful form of "word of mouth" as others post their bad experiences on social media pages and consumers use that as a form of research about a particular brand or insurance provider. When asked how consumers conduct their research, participants responded that an important channel for research is social media complaints or other comments on the insurance providers social media pages. Some of the responses were:

" I think you know word of mouth is definitely one of the crucial factors and your social media platforms. That means, if all customers are involved in social media and you know if you see bad reviews or comments on social media, it's going to leave a sour taste in your mouth" *(CM)*

"Our NPS or Net Promoter score is on 40%. That's noy ideally where we want it to be. We have more detractors than promoters. You'll see that by going to websites like Facebook, Hello Peter, those kind of things you know your social media sites and see how our the brand like. You see a lot of complaints." *(CEM)*

However, the use of social media is more prevalent in the urban communities than in the rural communities. South Africa has a large population who reside in rural communities where the use of technology in daily life is not as widespread. To increase brand awareness in such settings, physical presence is more critical. Some respondents who had been involved in rolling our life insurance policies in the rural areas commented on this when asked what influences consumers perception on a brand.

" Uh, it's all about the branding and how we portray ourselves out there. When we rolled out the branches in 2015, we had a huge impact. We went out into rural areas where a customer would have to travel 100 kilometres with a taxi just to get to the nearest town whereby we brought the service to them. We brought the product to them and that's what it was about. It's about touching that." *(CM)*

"I mean, you know if you stay in the rural areas like you walk into the branch and you take out a policy. I mean, as a customer you know that branch is going to be there for many years and when it comes to the claim stage, you go back to the town and next minute it's closed and you'll be like

what happened? You will think it has gone bankrupt. You will worry what happened to our policy? It leaves all these thoughts in your mind. What do I do now? So I think that's another element. And it will become word of mouth that will now just go and spread." *(KAM)*

Perceptions about buying online

When asked about perceptions around buying life insurance online specifically, the data suggests that some expect cheaper price online and that it would be easy to use. Participants also perceived that buying online would be much quicker that what they have experienced when generating quotes through call centre channels. Some respondents felt that the call centre experience takes a long time because the advisor often must-read numerous disclaimers and terms and conditions which they could read quicker by themselves. By going online, the consumer can also read the terms and conditions repeatedly, until they are confident, they have understood them. This is not possible in the call centre environment or when purchasing through an intermediary where they are under pressure to accept the terms immediately.

Some of the comments from participants:

"Customers were happy because it was giving them less premium. It was giving them less premium compared to someone quoting for them. For them it was like, OK, I do get discount when I do the online" *(CCM)*

"Uh, but if the if the application is just straightforward and simple and I can understand all the terms right because I actually do like to spend a bit more time reading those up until I'm very comfortable that I understand what's happening without the agent. I just feel that sometimes right, they pressuring you to make a sale, rather than sitting down and say you know what? If you're going to be claiming this is what's going to be required? These are some of the clauses that you should make sure that you don't violate in order for them to pay out. That's why I just need to be alone and

just read the thing up until I'm confident it. I understand this and I'm ready to commit.” *(SE)*

4.4.2. Trust

Product benefits

Trust does influence a consumer’s purchasing decision of life insurance products. Consumers need to feel confident that the insurer they select to purchase from has a high likelihood to successfully process and pay out their claims when the risk even arises. Life insurance policies are complex in that the true value gets derived potentially years after the initial purchase, unlike other types of products. This uniqueness of the life insurance product makes trust become critical in the consumer's purchasing decision. Customers are likely to do extensive research to determine the organisation’s history when it comes to paying out claims. Any negative experiences others have had with their claims processes are likely to deter the customer from purchasing a policy from that provider. One participant commented that consumers are likely to move to competitor products if one of their friends or family members encounters a negative experience when claiming on their life insurance policy.

“Our goal is to keep up with our competitors because customers keep up with experiences of others because they saw one of their neighbours having a fallout with their funeral policy provider because It took them two days to pay or three days to pay or if they saw a story in the news where a policy did not pay. They decide now let me go somewhere else because I don't want my family to experience that” *(CCM)*

Customers are likely to do their research on social media to determine how likely an insurer is to pay out claims. respondents mentioned “Hello Peter” as a favourite among consumers when doing research before purchasing a life insurance policy. consulting friends and family as well as public information on the claims history of the insurer is also another source to determine whether they can trust the insurer.

"Based on the youngsters out there, they check, uh, Hello Peter, they check if there's this company called so and so and the number of complaints if they don't have both complained them there." *(CM)*

Consumers have an inherent fear of purchasing insurance policies from "fly by night" providers who might not have the funds available when the risk event arises. Therefore, they are likely to purchase their policies from big brands. Customers perceive big brands as likely to have the available funds to honour claims unlike brands that are new in the market or smaller brands that they are not familiar with.

Trusting online channels

When asked if consumers trust the process of purchasing via online channels, the participants did not present any data on potential lack of trust for cyber security, payment methods and general online transactions. The participants felt if customers can trust the brands and its ability to pay, then they will easily trust the e-commerce channels and their security when transacting online.

To increase trust and alleviate consumers' fears, the presence of physical channels where customers can have face to face conversations with representatives of the insurer contributes to increasing the customer's perceptions of how much they can trust the insurer. When asked a question around perceptions of trusting an insurer a participant mentioned that when distributing life insurance products through retail partnerships, customers often asked questions around, when it is time to claim where would they find the insurer's direct offices as they would not want to process claims at a retails store.

"I'll give you an example of xxx . So when we're selling our xxx product, the one question everyone keeps asking is well where? Where are the XXX branches? If I need to claim?" *(CM)*

The data also suggests that for first time purchases consumers are more likely to seek a financial advisor or an insurance broker to complete their life insurance purchases, then in future they might be comfortable to make purchases online. Comments from the customers who participated in the study seemed to suggest this is especially prevalent among young professionals as they have access to financial advisors. One customer's response when asked how they go about doing research when seeking to buy a life insurance product was:

"So I think a lot of younger professionals or professionals generally will try find a financial advisor who help them build this out, so I know I need a life insurance policy, but I don't know where to go. It's too much, right? If you go to Google and type in life insurance, there's too much going on, so you will go to like a financial advisor in and he'll give you a set of products" *(C3)*

Other participants expressed similar sentiments regarding consumers trusting independent insurance brokers much more than insurer's sales agents when doing research to purchase a product, as opposed to doing self-directed research online:

"I think customers trust independent insurance brokers more than they trust sales agents and more than they trust their themselves to do their own research. because you can talk to them. You can ask questions. You can get it bites. You can say I know what about this? What about that agent driven? They can't answer your questions, right? It's they're not allowed to give advice. They don't have the rights to do that, so they can just sell you the product, which is probably not a great customer experience" *(CO)*

The data suggested that younger consumers are more likely to be comfortable with trusting the payment methods and security when purchasing a policy online. Younger customers are perceived to be much more digitally savvy with most conducting their banking transactions online via mobile banking applications. This has enabled them to build trust for online channels.

Some participants had experienced customers who are comfortable with doing purchase of a life insurance product online, the customers were comfortable to provide their data, however they were not comfortable to provide their banking information.

" No, no, they don't. They don't, so they approach one of the guys here. Their approach is I can do it online but I don't need to capture with my banking details they feel uncomfortable when talking about capturing banking details online. They can capture their name and contact details. The address is OK, it's fine, but not banking details" *(SE2)*

One hundred percent of the customers who participated in the study felt they would be comfortable to enter their banking details online for a life insurance policy if asked to during a purchase. All the participants indicated that they did not consider this a big deal. One customer commented:

"Yes, I would enter my banking details because it is required to process my debit order every month. I use online shopping sites regularly and I have never experienced any fraud" *(C1)*

4.4.3 Customer experience

Customer experience is a key factor in improving the adoption of e-commerce channels. The platforms and processes need to be simple, intuitive, and easy to follow. Information and instructions need to be clear, visible, and accessible to the user. Great experiences will increase the likelihood of customers conducting future transactions online with the insurer.

A key differentiator mentioned suggested by the data to create better experiences was the need for insurers to have a "customer app or customer portal" as some participants called it, where customers can log in and see details of their profiles as well as all their insurance products in one place. When asked what insurers can do better to ensure great customer experiences a participant commented:

"There is a need for a centralised sort of like customer portal that gives them access to all the products that we have, regardless of whether it is from the broker space or the retails space or whatever, because I get to see my portfolio in its wholeness, you know, and I get to see myself as a customer having access to so many things within that one portal." *(MS)*

Another participant also commented:

"Because I am from the complaints team, I see a lot of complaints from customers that could have been avoided if we just had a customer portal. Our customers should not have to phone us for everything." *(CCM)*

Another participant from Marketing had similar response when asked what can be done to create better customer experiences:

"It is it's very important now. It's been a missed opportunity over the years. I need to be able to log on to xxx and see who I am as a customer in the different pockets where I belong. I need to be able to transact and to change things." *(MS)*

Another participant commented:

" If I want to add a beneficiary, I can just go on and I can add a beneficiary, no questions asked. If I want to change my bank account details, I can just go online. If we give them that, I think that the teams will be over the moon because we get a lot of customers coming into the store now asking us to do that and the agents can't, so they'll just be like, well, you need to call the call centre. So I think if we have a way for them to interact with us online they can get used to it"

The data also suggests that customers who had good experiences with purchasing from intermediaries of the insurer are more likely to adopt the e-commerce channels for future purchases or to perform other transactions such as policy maintenance and policy status queries.

“If they came to me or my team today and said “Here's my claim form, uh, please help me” after struggling to log the claim. Guess what they claim was paid the same day. So for them, it's good. Then when I tell them about our online claims process they were more willing to listen to me.” *(CM)*

The data suggests that participants only discussed links between the intermediary channels and adoption of e-commerce channels but saw no other links or influence between other channels and adoption rates of e-commerce channels. The participants perceived all the different channels within the business as separate channels, with silo strategies and businesses. They see these as unrelated since they target different customer segments. Participants believe segmentation is very key in potential adoption of e-commerce channels and that older customers are unlikely to prefer these channels. To illustrate why the intermediary’s channel, affect the use of e-commerce channels the most one participant from the distribution team of the organisation commented:

“There's two ways you can look at it, right? So one is, there's a customer base who already knows me and already interacts with me and they're happy with my distribution type and that's the 5,000 or so policies that has enforced. Then I have my other base which is people who never interact with me, because they don't like the distribution channels I currently have. So if you look at the E commerce strategy, question would be how do I use my current existing base and ship them to a cheaper distribution platform which is E commerce?” *(KAM)*

Omni channel experiences

The ability to integrate multi-channels into omni channel experiences offers superior customer experiences. The ability to give customers the opportunity to start a transaction on an online channel, hand off to another channel to either complete the transaction or to do a part of the process offers customers the support and flexibility they need. The data suggest that this is a good option for the life insurance product, considering the challenge with understanding product terminology and certain terms and conditions. The participant noted that in such cases they would like the ability to receive a “call back” to have a chance for a representative to explain anything that they could not understand online, then they would have the ability to complete the transaction again. Some of the comments from customers were:

“ As long as we are not forcing someone to capture all the details, we maybe can give options. If you want to do one disk, funeral or car, we can capture this, but if you don't want to proceed right then it'll be triggered to go to someone else to finish up that that sales, but I think the way we, we, we, we, we doing it online, it's kind of chasing customers away was wanted customer to do everything from start to end” *(C4)*

And

“Yeah, in case in case someone doesn't understand certain things that would they would explain it or you have the option to have them call you like that, that would be perfect, but for me I prefer doing it online but really going through it and my only leisure and making sure that I understand before I move to the next phase” *(C5)*

4.4.4 Consumer Education

Financial literacy

Consumer education is a big challenge for the South African market for life insurance products. Consumers level of understanding of financial concepts and insurance products impacts the ability to drive e-commerce channels as they are self-service based and exclude the ability to have an intermediary guide you through the terminology and the relevant terms and conditions of the products. This constraint makes consumers weary to buy life insurance products using e-commerce channels.

The financial services industry faces challenges when it comes to the financial literacy of the consumers in the market. The industry takes for granted that the consumers in South Africa can comprehend financial concepts and are exposed to general information, let alone to complex products such as life insurance.

The data collected supported that the financial literacy of South African consumers is very low. Most of the participants when asked how they would rate the literacy of consumers out of 10, gave answers of either four or four and a half.

" For me, I will put it 4 right, reason being. It means it's not good. It's not good at all because you know they do have different households and how we handle things at home and I know South Africa most we don't stick to budget" *(MM)*

"I'll say understanding insurances it still a bit far. Let me say that I am , learning that we need to now educate our people here in South Africa, including myself as well" *(CM)*

Consumers struggle to understand all the terminology related to life insurance products and are sceptical to sign and accept these online. E-commerce channels would attract higher adoption rates if there was an option to contact an agent of the insurance company when a user feels unsure of some of the terms presented. The user would then likely be able to continue and conclude the transaction.

Increasing consumer education efforts across the industry would increase the market share of life insurance products and thereby also increase potential adoption of e-commerce channels. The industry needs to increase their efforts in this regard. Some consumers have learnt through negative experience to educate themselves on the terms on conditions they sign up for when purchasing life insurance products.

“Uh, depending on the age group, right? The old age they are not good with understanding products. If they have a policy for 25 years , but there's no other benefits, they don't get cash back or the policy does not stop. They don’t understand if they had to now stop their contributions if they would still have cover, or the cover reduces or are they now at risk of not being played out when they claim? These things don’t make sense to them.”

A participant who manages the consumer education programmes of the organisation mentioned that South African consumers in the mass market even have general literacy problems related to basic reading and writing, so the process of driving this financial education is more challenging than it would seem.

“I've been in sessions across the country where someone is in their 50s in their 60s and they may have had a life. A funeral policy for like 1020 thirty 40 years or never. And now the situation where you know we need it's there's a register for attending a session like this and you know I've assisted a gentleman. It took him about 30 minutes to complete. His name is first name, last name.” *(CEM)*

When asked what more could be done to increase financial literacy some participants felt like society as a whole needs to take initiatives by teaching their children the basics around finances.

“Parents need to share information with their kids so that they can take that joint decision together” *(C2)*

Education around online channels

The data suggests that education focused on online channels, their use, their security features, and general awareness of their availability to purchase life insurance products is also required. Participants felt that increased efforts are required to drive awareness in South African on the process of purchasing insurance through online self-service channels. Participants suggested that social media platforms would be the best place to drive these initiatives. Some of the comments that came from participants when asked what insurers can do to improve consumer education initiatives were:

“Young professionals who you would expect to know, also don’t know certain things, so I think we need to be making a more concerned effort to take things like finance education to wider audiences on more platforms digitally and to have conversations on podcasts and YouTube videos, as well as online seminars.” *(C1)*

Participants also indicated that they also play a role in educating customers as they service their needs through other interactions when the opportunity rises. One such example was during complaints process an employee can mention to a customer that next time they can go online to view their policy information and make changes through the online channels.

“Because we try to have a value propositions for our customers, so we will be resolving the complaint right fast. We try by all means to retain those customer at the same time we trying to educate those customer at the same time we try to align to say look. When you do this you don't need to go. Yeah you can just go. Here's the link and just go online.” *(CCM)*

Product simplification

The complexity of life insurance products presents tougher challenges as compared to household insurance or car insurance. The terms and conditions associated with life insurance policies as well as the different type of benefits that can be included during the purchasing process are complex. Simplifying the actual products would contribute to adoption of e-commerce channels. Ensuring that the product copy is written in plain and simple language would contribute to the ability for consumers to engage with content relating to life insurance products. Some of the input from participants when asked what initiatives they are part of that drive consumer education were:

"I'm looking into the plain language in terms of can we use one form, for example when it comes to buying different products, We have different forms right? Is that simple or complex for the customer? Why can we not have one form?" *(CM)*

" We need to start telling the stories differently, we need to start packaging our products differently" *(MM)*

"I don't think people understand the policy wording. I don't think the terms that we use in there are relevant to customers, I don't think people understand what constitutes a claim being rejected, all they understand is that I have been paying" *(MM)*

Use of social media and online platforms to drive consumer education

The data shows that there is an opportunity to increase the use of social media platforms to drive effective financial literacy campaigns and consumer education initiatives. The possibility to reach users across the country easily and to engage would remove some of the barriers to access. Campaigns and podcasts as well as online seminars were mentioned as good options that could achieve this.

“So our competitors have been running online seminars and you book and you all get to be in there and you listen to well-known financial gurus sharing insights and some brokers sharing insights about information that is relevant.” *(MM)*

“So basically any device that has a browser, they can access the Internet or smartphone or tablet or computer. Anything like that and people can access it from there and it's really simple, we push it through social media.”*(CM)*

“I think that there is definitely a digital component in this, because when we talk digital, we have that learning platform that we have and we've seen success. I think we're at now about seven and a half thousand people having gone through the platform, that’s a lot, but also not a huge amount, right? Seven half thousand people in a country of 60 million isn't a ridiculous reach, and but it's still a lot for us at least. But we also have to do a lot of work on social media to drive educational content.” *(CEM)*

The insurance industry has a lot of work to do in the South African market to drive education initiatives that would enable customers to be more confident in using e-commerce channels to purchase life insurance unassisted. The customers interviewed in the study also agreed that their biggest barrier to completing a purchase would be if they came across any terms or jargon that they did not understand during the process.

4.4.5 Digital Transformation

The culture of an organisation and its operating model can affect its ability to achieve its strategic goals. Drawing up a strategy starts with a vision, drills down to into a road map, the road map can consist of projects and timelines as well as responsible persons to ensure delivery. Some of the themes that came up in the data reflected how critical organisational culture is to driving innovation initiatives such as e-commerce. The data produces themes relating to lack of strategy collaboration, accountability, as well as internal digital transformation.

Digital Strategy

Business strategy is key to articulating on organisation's goal. Some business usually takes the approach of crafting a five-year strategy that would enable its business goals. Often there is a clear owner of the strategy at the level of the organisation as well as within the different business units. The different business units usually interpret the business strategy and translate it to their own initiatives that would enable them to contribute to the overall business strategy. Some organisations then translate the strategy to individuals' key performance indicators or KPI's.

When asked about their awareness of an e-commerce strategy or a digital transformation strategy, some of the responses were as follows:

" I don't, I honestly have never seen it."

And

"I know we are doing pieces of it right. Right now we're trying to integrate to new API 's but I have never seen one document that puts us all on the same page, I am only aware of the projects I am working on"

Another participant commented:

" People are not the same page because there isn't one picture. They can all refer to" *(SE2)*

A strategy usually can also be used to clarify who is responsible for what actions towards its goals being met. Accountability is usually very clear for delivery of tasks or projects that are identified for delivery. The participants in the study all had differing views on who the owner of the e-commerce strategy is, some of the feedback was as follows:

One of the software developers' responses was:

"So what I am saying is the head of development should be owning the digital transformation strategy and being the one to cascaded it down" *(SE3)*

And the compliance manager also responded:

"Definitely the IT team, we are looking at them to drive digital as we consider them the experts" *(CPM)*

The participants from the marketing team as well as from the customer team felt that the owner of the digital strategy is the marketing and customer team:

"The digital manager in the customer team is driving the digital initiatives and is the owner of it. We work closely with IT and with the marketing manager". *(SE2)*

The Chief Information officer responded that he thinks the Distribution team is the owner.

"Distribution would be the true owners of digital transformation for our customers, but that's it. Marketing has a big role as well, in the way that we are structured. So in relation to customer experience and UX through all whole way. Like how does it work from the start all the way down to a sale" *(CO)*

Another software developer participant when asked who owned the digital strategy responded that assume it is the automation manager, who reports into the Chief information manager:

"That guy who does automation, we have never really seen what he does but I assume it is him." *(SE4)*

A clear digital transformation strategy does not exist, and the ownership of digital transformation is not clear. Therefore, the goals of such a strategy cannot be measured or tracked, even though there is plenty of talk regarding this. the definition of digital transformation is not clear, and respondents all have different ideas on what it is and how it will be achieved.

Digital transformation

The digital transformation of an organisation can enable efficient customer self-service processes through automation, process re-engineering and unique data driven offerings for customers.

The rationalisation of internal legacy systems can enable a single view of the customer to enable data driven campaigns to cross-sell, upsell and re-use data during purchasing transactions online. automation and transformation will enable efficient operations processes and enable customer centric solutions. One of the participants commented:

"One of our biggest challenges is integration to systems to enable a single view of the client, we have multiple policy maintenance systems and my understanding is that our goal is to combine them and end up with one." *(HA)*

Digital transformation is considered as the responsibility of the IT team who is considered the best place department to deliver it. within the IT team there is no clarity of where the ownership of the digital transformation journey lies. some consider it the Head of Development's responsibility, while the CIO considers themselves the owner. While Marketing also considers themselves the owner. there is no clear definition nor vision of what digital transformation should look like, however there is appreciation that it is required as an enabler to digital channels.

A participant who deals with customer complaints also mentioned:

"We need to sort out our Internal affairs we need to start internally to say if I'm working on your complaint, I can never see what happens to the

complaint after I hand it over to the responsible person, whether sales or claims So that one entry point but a view across would help us. A complaints handling system would help us service our customers better" *(CCM)*

Participants from the marketing team also noted a need for systems that can assist them in managing campaigns and customer communications. They felt that the process of procuring such a system to enable this objective took too long and was too bureaucratic.

"We need a digital and email marketing tool. And that's going to help us with campaigns and all kinds of different internal marketing functions where You'll be able to track and trace, uhm, how the information that we are sending out is Interacted with in terms of the number of clicks or the number of people who watch a video. If we send one out, how long they watch in to get their type of data and analytics" *(MCS)*

The data suggests that digital transformation would enable employees to better serve customers and improve the organisation from inside out. The transformation of internal processes would benefit the e-commerce customers even more by giving them a consistent and efficient process. There is no benefit to offering a customer a speedy purchasing experience but not the same when it comes to servicing the customer.

Silos/ Lack of collaboration

Organisational silos were also mentioned as a challenge by participants. They expressed that the lack of collaboration across teams meant that there was no awareness of various initiatives already taking place and no knowledge sharing happening. A few participants when asked if they are aware of the e-commerce channels of the organisation responded no. some responded they had known of the channels a few years ago but thought they no longer existed.

The participants also felt that existing project lists focus on innovation activities however the projects are siloed and there lacks transparency on the ownership of projects and the value that will be derived through these projects. The long list of transformation projects reduces focus and creates long turnaround times to delivery.

“On my side right I feel that that we are not really paying attention to knowledge sharing when it comes to the other teams because I think we do have the automation team. But we don't really know what are they really automating. Or maybe there's some processes that that they can maybe automate or on our front end, but because of that lack of communication when it comes in with sharing” *(SE1)*

Another participant commented:

“There's no process that lead to the bigger picture from complain to customer solutions. They do their own initiate but the initiative is then also done by the complaints team somewhere along the line. It may be similar initiative that was done by the customer team. At the same time if you go to your projects team they're working in an isolated manner as well” *(CPM)*

Some of the participants also commented that staff members of the organisation do not have a common understanding of what company’s digital objectives are. When asked how they define “digital” these were some of the responses:

“I think it means Automation like changing the process that we used to do it manually and then create a system that can do those processes” *(SE1)*

“It means Items that can be sold right is done more online and instead of investing in a physical store, you that info invest in delivery system where people buy it and just deliver to them. And then you run all your services online” *(SE3)*

"It's trying to develop systems that provide the least amount of human interaction as possible" *(SE4)*

More collaboration would be required to harness the different skillsets in the organisation to ensure innovation initiatives can be successful in the organisation.

4.5 Conclusion

This chapter presented the themes that emerged through the data collection and analysis process from the case study conducted at a major life insurance provider in South Africa. The results presented covered the themes: marketing activities, trust, customer experiences, consumer education and organisational transformation.

The detailed discussion and interpretation of these findings will be presented in the following chapter. The discussion will focus on the analysis of the findings, their relation to the theoretical framework and the outcomes of the hypothesis presented in earlier chapters.

5. Discussion of Findings

5.1 Introduction

This chapter will interpret the findings as presented in the previous chapter. It will present the significance of the findings. This research aimed to identify the factors that influence the success of e-commerce channels in life insurance in South Africa by answering the following research questions:

Question 1: How do we create a positive perception towards e-commerce in the life insurance industry?
Question 2: How should insurers drive e-commerce adoption for life insurance products?
Question 3: What other disruptive factors influence e-commerce channels in life insurance?

Question 4: Are consumers ready to adopt the process of purchasing a life insurance policy online?

5.2 How do we create a positive perception towards e-commerce in the life insurance industry?

Proposition: Perceptions towards shopping online can be improved by paying attention to the prices online, security as well as efficient processes online.

Findings: Perceptions towards online shopping for life insurance products are highly influenced by the brand marketing strategy as well as other online marketing activities and customers' experiences, and social media sentiments

The marketing mix was developed to translate marketing planning into practice (Goi, 2009). The marketing mix is the conceptual framework that decision-makers can use when putting together product offerings for consumer needs. The marketing mix usually differs from product to product (Goi, 2009). Physical products often use the 4P’s or marketing while serving type of products use the 7P’s of marketing, product, place, price, promotion, people, physical facilities and processes (Ivy, 2008).

The data findings suggest that the ability to create positive perceptions towards e-commerce in the life insurance industry lies in creating positive perceptions towards the brand of the insurance provider. The marketing activities that create brand awareness, brand affinity and positive stories around the insurance brand will create positive expectations for the digital channels of the organisation. Existing literature creates a powerful correlation between e-marketing activities and e-commerce purchases (Hudák et al., 2017; Pogorelova et al., 2016) . These studies suggest that organisations must focus on integrated online marketing activities and online brand building as a good mechanism to create a strong online presence (Allen & Fjermestad, 2001). The data from the study, however, shows that this might be different with life insurance products as the above-the-line activities, particularly, previous claims experiences and other customers’ views directly translate to the online brand presence. The findings are aligned to the proposals of the Theory of Buyer Behaviour (Howard & Sheth, 2001), that suggest that attitudes and purchasing behaviours are made up of motives, decision moderators and evoked sets. which can be defined as the specific goals, in this case to have insurance policy that can pay out at the event of death, the evoked set are the consumers assessment of the capability of the choices at hand to satisfy his or her goals, which in this case would be to ensure a claim is guaranteed to be paid out, the predispositions, a preference towards brands in the evoked set expressed as an attitude towards them, would be influenced by other’s experiences of consuming a life policy product from that particular brand.

The theory states that a buyer is constantly affected by several stimuli from his surroundings. These surroundings can either be commercial or social in nature (Howard & Sheth, 2001). The commercial environment is made up of the marketing activities of various organisations that include price, service, quality, distinctiveness, and availability. Which can be termed significative stimuli. The buyer’s social environment is made up of mainly their social surroundings. The inputs from these categories determine the buyer’s mental state (Howard & Sheth, 2001)

An insurer’s marketing activities need to focus on promises around claims pay-outs and then followed by meeting those promises. The more pay-out promises are met, the better the word-of-mouth marketing from existing customers will be. The social media presence of an insurance company is likely to be filled with conversation around claims pay-out and experiences than any other type of engagement. The findings of the study suggest that is the key research area that customers conduct, and not information on an insurance provider’s website. This disproves the hypothesis that Consumers want to use online platforms for product research and engagement purposes only (Kukar-Kinney & Close, 2010) (Xu & Huang, 2015). Consumers are more likely to consult social media as well as friends, family, community leaders to do brand research before purchasing a life insurance product.

The findings show that consumers are likely to be innovation ready, but for the product at hand, life insurance, financial literacy poses challenges when it comes to completing the full process of purchasing a policy online. The findings of the study strongly suggest the need to focus on consumer education to get South African consumers to understand the terms and conditions associated with life insurance products. It is key that consumers understand what scenarios and circumstances will cause their claims to be repudiated. Consumers require education around insurance underwriting and how it affects their policies and subsequently, the claims pay-out. Consumers need to be educated around what is required when processing claims and how the claims processes are carried out. Consumers who are comfortable with understanding the products are more likely to complete a purchase of life insurance online. Those are likely to be the early adopters of e-commerce channels as suggested by the Diffusion of innovation theory (Rogers, 2010). The findings of the study suggests that consumers want the option to be able to speak to a representative of the insurer at any point during their process of purchasing. consumers who are ready to complete purchases online are not keen to have a conversation on the entire process of purchasing, but rather on specific terms they require clarity on.

The South African context where financial literacy levels are low, as suggested by the data, where the average score of the perception of financial literacy of our consumers averaged 4 out of 10 (40%). This poses a different challenge with this product set. Mobile device penetration has increased immensely over the years (PWC,2018), their ability to utilise mobile devices for various transactions has also improved, however the financial literacy and familiarity with the life insurance product set presents specific challenges that are outside technology but, technology can be better utilised to drive consumer education.

The presence of online channels offers new opportunities for new products, as the data starts producing insight that gives rise to new products. A study by (Meng, 2009) ,found that electronic distribution channels create opportunities for the production of new consumer goods. This suggests that there is a significant opportunity to simplify life insurance products and create new, innovative, and simpler products. Simplification will yield benefits of reduced costs and increased sales as suggested by (Sekolovska, 2012).

5.3 How should insurers drive e-commerce adoption for life insurance products in South Africa?

Proposition: The distribution of life insurance products through e-commerce is affected by the performance of other distribution channels, by the regulations and by the level of consumer education.

Findings: The distribution of life insurance through e-commerce channels is influenced by consumer education, customer experiences and creating trust towards the products

The distribution of life insurance can be through intermediated channels, call centre channels, tied agency forces as well as through digital channels. The findings suggest no direct link between these various channels' performance. The data shows that channel preference is determined by the client segment. Participants suggested that older customers and conservative customers are likely to prefer intermediary channels to purchase life insurance policies and that younger customers are more likely to adopt e-commerce channels. Younger customers are likely to be the innovators and early adopters (Rogers, 2010) of e-commerce channels and marketing efforts should target them first.

This suggests that the marketing strategy should be segment focuses and target specific segments to encourage adoption of the e-commerce channels. The findings showed that consumers either prefer one or the other and hardly a combination of the channels. Consumers who interact heavily with insurance brokers and intermediaries are likely to interact directly with them for all their purchasing and servicing needs.

Existing literature in other product categories suggested that by having a great customer experience in one channel, the customer was then likely to adopt the e-commerce channel, as they expect the same level of service across an organisation (Posey & Tennyson, 1998). The findings of this study showed otherwise. This could be attributed to the lack of a clearly documented e-commerce strategy at the case site. Without a concerted effort towards driving an e-commerce strategy it implies no clear metrics to be tracked, therefore it would be unclear whether the various channels' performance is correlating or not. In this study there were no insights to prove or disprove this hypothesis.

The data strongly supported the hypothesis that a key factor in driving adoption of e-commerce channels for life insurance is consumer education. The findings showed that there are opportunities to use digital channels such as social media platforms to engage and educate consumers on life insurance product sets. The organisation where the study was conducted had data to support that some of their social media campaigns focusing on financial literacy had been successful. Customers that participated in the study also confirmed that if they understood the terms and conditions articulated on the e-commerce platform, they would definitely complete a purchase online without the need for human intervention.

The findings suggests that the younger consumers, (between ages of 18 and 25) are more likely to be the early adopters as suggested by the diffusion of innovations theory as they are more likely to respond positively to these channels due to their natural adoption of technology. The laggards would likely be the older market (above 55 years of age). This was contrary to findings by (Bellman et al., 2009) whose study found that demographics were not a major factor in the adoption of e-commerce; as well as the suggestions by (Lee et al., 2007), who suggested that gender and age have little effect on the use of technology in tasks related to insurance.

5.4. what other disruptive factors influence e-commerce channels in life insurance in South Africa

Proposition: Prices online, online security as well as user experience impact e-commerce adoption.

Findings: The digital transformation strategy, its ownership and the structure supported by it to enable organisational transformation will further influence the ability to successfully implement and manage e-commerce channels.

The findings did not show any support for the pricing of life insurance products playing a factor on the success of e-commerce channels, most participants felt that consumers are looking for value and are concerned about the benefits their policy will give them and are therefore willing to pay for those benefits especially if they are assured a successful claim when the time comes. This is aligned with the findings in the study conducted by (Sen, 2008), which found that consumers are willing to pay the price associated with benefits they perceived as useful.

The trust relating to online security was not a prevalent theme in the data. When it comes to life insurance products consumers are more concerned with trusting that the insurer can pay out their claim and meet the commitments set out in the product rather than concerned with trusting their online channels. The findings suggest that if consumers trust your brand, then they automatically trust your online channels and platforms as well. This might be influenced by the fact that the case at hand where data was collected is already a big brand since it is one of the fourth largest insurance providers in South Africa. By virtue of that, consumers already know the brand, this might be a contributing factor to why the trust of their online channels was not significant. New entrants to the market who seek to enter through digital channels might not have the same advantage.

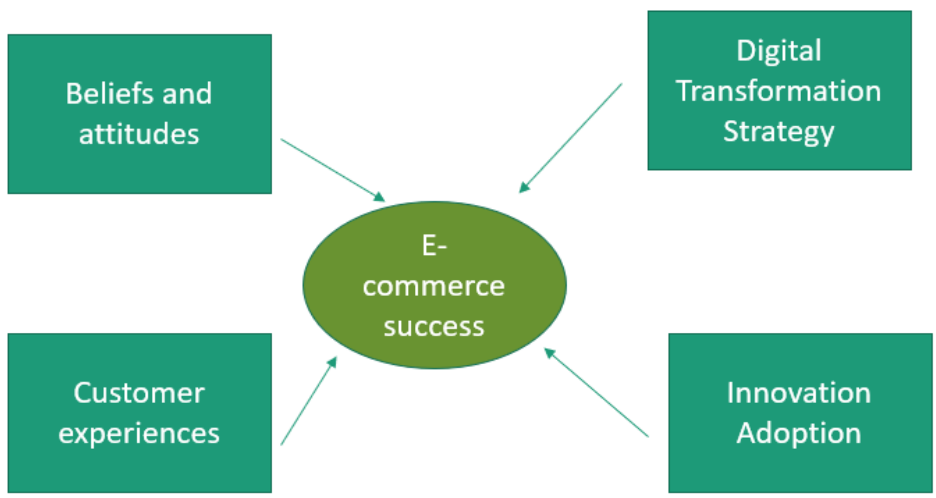
The user experience on the e-commerce platform was confirmed to be a big differentiator by the data. Clear call to actions, good copy and a simple process that can be easily understood by the user were some of the items mentioned under this category. This is aligned to the findings in the study by (Toyin & Damilola, 2012).

Due to the rapid rate of change in the market, organisations must increase the rate of their digital transformation by updating old offerings and processes (Chen et al., 2019). Some of the underlying factors influencing the success of digital transformation are organisational structure and culture being two of the most significant. Customer centricity, customer service and customer value proposition also being critical factors (Chen et al., 2019). Digital transformation strategies co-ordinate and prioritize different threads of digital transformation, often cutting across other business strategies such as e-commerce strategies (Matt et al., 2015). Four elements can be considered, use of technologies, changes in value creation, structural changes and financial aspects (Matt et al., 2015). A study by (Chanias et al., 2019) concluded that the digital transformation strategy is continuously in the making, with no foreseeable end.

The most significant factor that the data produced that would be a major influence in the success of e-commerce channels is the ability for the organisation to transform digitally. The findings suggested that is the most critical part that would enable good customer experiences. The lack of a clear and documented digital transformation as well as the lack of clarity around ownership of such a strategy was a noticeable gap at the case site.

The responsibility for the digital transformation strategy should be the Group Chief Executive Officer, the CEO of the business unit, the Group CIO and the Group Chief Digital Officer (Hess et al., 2016). The strategic role of the IT department should be as an enabler and a supporter of the digital transformation strategy (Hess et al., 2016). The findings of the study confirm that part of the lack of alignment on the digital strategy in the organisation where the study took place, was the lack of clear ownership. Organisation should pay special attention to having the roles mentioned being accountable for the digital transformation of the organisation, to achieve results.

Proposed conceptual framework:

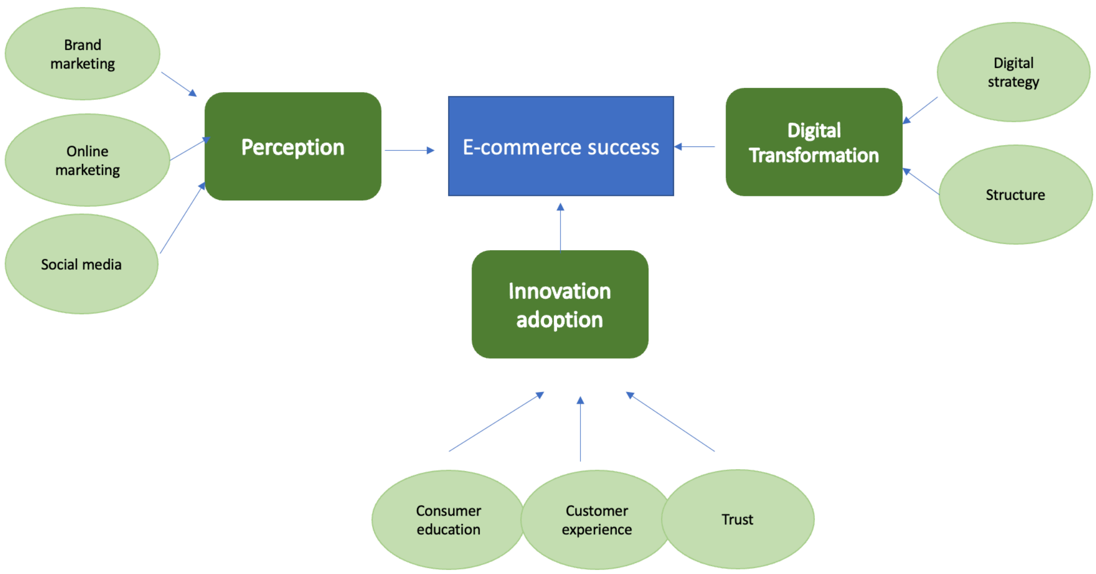


The proposed conceptual framework suggested that the success of e-commerce channels was underpinned by a combination of the beliefs and attitudes of customers, as suggested by the Theory of buyer behaviour, which suggests that the consumer considers quality, price, availability, distinction, and service as inputs to the process of searching for information (Howard & Sheth, 1969). The findings are consistent with the suggestions of the Theory as the marketing activities of the organisation are centred around product quality, price, and availability. The Theory of buyer behaviour also suggest that the service is an input to the process of information collection by the consumer, which is consistent with what the findings presented, when considering how customers consult social media to understand the experiences of other customers with the service provided by the insurance provider, especially related to claims.

The consumer decision model proposes that a consumer goes through the process of recognising the need for the purchase, search, evaluation of alternatives, purchase, consumption and post consumption evaluation (Bray, 2008). The findings are aligned with the theory as they data shows that consumers do spend a lot of time in the search and evaluation of the insurance provider. The findings show that with the life insurance product consumers specifically evaluate previous experiences of other customers with that provider and consider their own claims experiences when conducting the pre-purchase search and evaluation process. With the rise of social media, a large amount of this research is done on social media platforms.

The diffusion of innovation theory outlines the process that consumers follow when adopting a new idea, concept, or product. Rogers articulated this by showing that in the early stages of a concept or product, few will buy into the concept and then proceed to inform others, as more are informed more people become open to the idea which leads to the development of a "critical mass". Over time the idea is diffused amongst the population until a saturation point is reached (Kaminski, 2011). The findings of the study are consistent with the 2,5% adoption by early innovators of a new technology as the data collected showed small numbers of consumers were willing to adopt e-commerce at this stage for life insurance, this is largely affected by the level of consumer education. Only the customers who felt they were comfortable to read and understand the terms and conditions associated with life insurance were willing to complete the process of purchasing online. This percentage should therefore increase as the level of financial literacy increases amongst the South African population.

The findings of the study allowed the researcher to expand the conceptual model to the diagram depicted below:



The model was expanded to include the specific factors that contribute to the Perception, Innovation adoption and Digital Transformation.

The summary of the findings is presented in the table below:

Research question	Propositions	Emerging themes
How do we create a positive perception towards e-commerce in	Perceptions towards shopping online can be improved by paying	Perceptions towards online shopping for life

the life insurance industry?	attention to the prices online, security as well as efficient processes online.	insurance products are highly influenced by the brand marketing strategy as well as other online marketing activities and customers' experiences, and social media sentiments.
How should insurers drive e-commerce adoption for life insurance products?	The distribution of life insurance products through e-commerce is affected by the performance of other distribution channels, by the regulations and by the level of consumer education.	The distribution of life insurance through e-commerce channels is influenced by customer education, customer experiences and creating trust towards the products
What other disruptive factors influence e-commerce channels in life insurance?	The digital transformation and digital maturity of the origination directly affects the success of the e-commerce strategy.	The digital transformation strategy, its ownership and the structure supported by it to enable organisational transformation will further influence the ability to successfully implement and manage e-commerce channels

Table 6: Summary of findings

5.5 Conclusion

The data collected and analysed in the study presented answers to the research questions and objectives of the study. The propositions that were presented at the beginning of the study were mostly rejected or disproved. A key differentiator that contributed to this is the nature and context of the life insurance product set which presents its own complexities which are compounded within e-commerce. further studies are required to explore the nature or digital transformation in this product set.

6. Conclusion

This last section will focus on summarising the conclusion of the study as well as discussing some of the practical implications of the outcomes of the results. The limitations of this study are also explored and future research to overcome these limitations are also proposed as suggestions to further explore this topic.

6.1 Significance of the study

A large amount of existing literature on the topic of e-commerce is largely focused on other product categories in the retails sector or other fast-moving goods. The existing literature in Africa around e-commerce is also mainly studies conducted in Nigeria. The researcher found very few studies that focused on this topic in South Africa in the life insurance industry. The significance of the study is it contributes to the limited existing literature around the topic of e-commerce in life insurance. It contributes new literature in the South African context of this topic.

6.2 Practical implications of the study

The outcome of the study offers guidance to traditional insurers in South Africa that are interested in distribution life insurance products via e-commerce channels. It offers some insights on key factors that would need to be considered when planning on implementing these channels for their life insurance product sets. Insurers should consider focusing on financial literacy and consumer education of the South African consumers to grow the market. Insurers should also focus on simplifying their products enough to make them easy to understand.

In cases where larger organisations have been shifting away from traditional marketing activities and focusing more on digital marketing and online presence, they should consider how traditional brand building activities should still be effective online. The ability to create good customer servicing will contribute greatly towards their online presence and perceptions towards their brands as life insurance providers.

The ability to create these great customer experiences are influenced largely by internal transformation within the organisation by digitising internal systems and processes at key customer touchpoints, to enable staff to service customers well. This requires a clear strategy with identified owners who are accountable to deliver the digital transformation strategy, as well as a clear communication plan of such a strategy and by fostering a collaborative culture within the organisation.

6.3 Limitations of the study

Due to the impacts and constraints created by the Covid 19 pandemic and its limitations on social interaction this study conducted data collection at one case site. More data collection at multiple life insurance providers would have contributed more insight towards answering the research questions proposed. Future studies are encouraged to collect further data towards the topic.

6.4 Suggestions for future research

Future research is still required to add to the body of knowledge around the topic of building successful e-commerce channels in the insurance sector in south Africa. More research to better understand the factors that would contribute to the successful adoption of these channels by south African consumers would contribute value to insurance organisations. Future research should be conducted across multiple insurers, this study selected on site as a case, and there would be immense value in studying other life insurance organisations to add to the understanding of the topic. Some of the further topics that the researcher can suggest for consideration in future research are:

- How can life insurance products be simplified to enable digital transformation?

- What are the most effective organisational structures to enable digital transformation and e-commerce?
- How can e-commerce channels contribute towards building trust towards life insurance providers?
- How can e-commerce channels enable better claims processes?

Future quantitative approaches would also contribute more measurable results that could incorporate a larger number of customers of life insurance as respondents to contribute to the data.

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Appendices

2.1 Appendix A: Research instrument

Research instrument.xlsx

2.2 Appendix B: Ethics clearance

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School

Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/DB0412343a/432

This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

Project title	Factors influencing e-commerce channels in the life insurance industry in South Africa
Investigator / Researcher	Ms Nokwethemba Mazubane
Nature of Project	MM (Digital Business)
Decision of the Committee	Approved, provided stakeholders and participants are advised that anonymity and confidentiality cannot be guaranteed.
Issue Date of Certificate	2021-09-28
Expiry date	**Date** of submission of the project report
Chairperson	Prof Anthony Stacey ☎ +27 11 717 3587 +27 82 880 4531 anthony.stacey@wits.ac.za

Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

Signature

28 September 2021
Date: