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**FACTORS INFLUENCING THE PURCHASE INTENTION OF LIFE  
INSURANCE AMONGST THE SOUTH AFRICAN BLACK MIDDLE  
CLASS**

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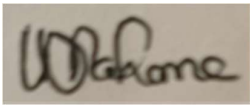
## ABSTRACT

This study aims to identify the factors that influence the purchase intention of life insurance amongst the South African Black middle-class populace by considering the positive influence of premium price, price bundling, penetration pricing and trust on the intent to purchase life insurance among the middle-class Black population in South Africa. This study also considered the negative influence of conspicuous consumption and Black tax on the purchase intent of life insurance within the middle-class Black population in South Africa. The objectives of this study were, firstly: to identify the factors that influence the purchase intention of life insurance amongst the Black middle class in South Africa. Secondly, to examine the influence of pricing and trust on the purchase of life insurance amongst the Black middle class in South Africa. Thirdly, to assess the influence of conspicuous consumption and Black tax on the purchase intention of life insurance amongst the Black middle class in South Africa. In achieving these stated objectives, this study applied the theory of planned behaviour. This quantitative study collected data from 211 respondents who classified (regarded) themselves as Black middle class. Regression analysis was conducted to test the hypotheses. The results from this study indicated that price bundling, penetration pricing and trust positively impacted the intention to purchase life insurance within the South African Black middle-class populace. The study's outcomes indicated insufficient evidence to conclusively suggest that conspicuous consumption negatively impacted the intent to purchase life insurance within the Black middle class in South Africa, while the Black tax had no negative impact on the intent to purchase life insurance within this population group. The implications of these research findings and suggestions for South African life insurance companies to grow their influence and market share within the Black middle-class populace is to revise their pricing strategies and apply the price bundling and penetration pricing strategies. It is also recommended for South African life insurance companies focus on building trust within this population segment to firstly reduce the South African insurance gap, secondly, contribute to creating high and low-skilled employment opportunities, which also benefits in improving the South African high unemployment rate, all these are some of the direct and indirect benefits provided by the life insurance sector.

**Keywords:** *Price premium, price bundling, penetration pricing, trust, conspicuous consumption, Black tax*

## DECLARATION

I, **Wynton Molefe Mahome**, declare that this research report is my 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 Strategic Marketing at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.



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**Wynton Molefe Mahome**

Signed at Johannesburg, South Africa.

## **DEDICATION**

This degree is dedicated to my wife, Refilwe Mahome; our daughters, Thatohatsi Motlagae Mahome and Rearabilwe Mpho Mahome; my parents, Kutume Mahome and Motlagae Mahome. Lastly, I dedicate this degree to my siblings Mpho, Aobakwe and Mokgabudi. Without your love and support, this dream would not have been possible.

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## LIST OF ABBREVIATIONS AND ACRONYMS

AA	Affirmative Action
AfDB	African Development Bank
BEE	Black Economic Empowerment
EFA	Exploratory Factor Analysis
GDP	Gross Domestic Product
GNI	Gross National Income
ILO	International Labour Organization
KMO	Kaiser-Meyer-Olkin Measure of Sampling Adequacy
NIDS	National Income Dynamics Study
POPIA	Protection of Personal Information Act
PSLSD	Project for Statistics on Living Standards and Development
PWC	PriceWaterhouseCoopers
SALDRU	South African Labour Development Research Unit
SPSS	Statistical Package for the Social Sciences
TPB	Theory of planned behaviour
VIF	Variance Inflation Factors

# CHAPTER 1

## GENERAL INTRODUCTION OF THE STUDY

### 1. Introduction

As life advances, people are confronted with varying levels of risks and uncertainties. With this exposure to risks and uncertainties, most people take out insurance to mitigate these risks and protect themselves (Nomi & Sabbir, 2020). Life insurance is one of the insurances people take to mitigate these risks and uncertainties. Chaudhary (2016) states that life insurance offers financial protection to individuals and their dependents in threats, accidents, or sudden death that may leave them in a precarious financial position.

The ground-breaking work on the factors that determine life insurance demand is attributed to Yaari (1965), who posited that “life insurance is a function of wealth, expected income over a person’s lifetime, interest rates, the cost of life insurance policies, and leaving an inheritance for dependents” (Lin, Hsiao & Yeh, 2017; p. 220). At a macroeconomic level, Olayungbo and Akinlo (2016) state that studies have found evidence that the life insurance sector is linked to economic growth. This sector is one of the key drivers in a country’s economic development.

Evidence shows that within the South African context, few research studies have investigated the aspects that impact the purchase intent of life insurance amongst the country’s growing Black-middle class populace, albeit the purchasing of life insurance is associated with the middle-class population (Nomi & Sabbir, 2020). Therefore, determining the aspects that impact the intent to purchase life insurance is significant as purchase intention indicates the possibility that customers will plan or be willing to purchase a particular product or acquire a service in the future. Furthermore, research shows that an upsurge in purchase intention reflects an increase in the chance of customers purchasing (Martins, Costa, Oliveira, Gonçalves & Branco, 2019).

Based on this understanding, this study assessed how influential price and trust from the customer could be towards the intent to buy life insurance within the South African Black middle-class populace to improve the ailing South African economy. In addition, this study assessed the impact of conspicuous consumption and Black tax on the purchase intention of life insurance amongst the South African Black-middle-class population.

### **1.1. Background to the study**

This study determined how the pricing constructs premium pricing, price bundling, penetration pricing, trust, conspicuous consumption and Black tax influence the purchase intention of life insurance, thereby assisting in growing the ailing South African economy. This is because a study by Ul Din, Abu-Bakar and Regupathi (2017) reveals a positive and significant correlation between life insurance demand and economic growth for both developed and developing countries.

Tyson (2015) posits that life insurance offers Sub-Saharan African countries, including South Africa, an opportunity to create high and low-skilled employment opportunities. Therefore, determining the impact of the price constructs stated above and trust on the intention to purchase life insurance within the South African Black middle-class populace will lead to the creation of high and low-skilled employment opportunities and to the reduction in the insurance gap, which is estimated to be R34.3 trillion by the Association for Savings and Investment South Africa [ASISA] (2022). ASISA (2022) reveals that the South African insurance gap, projected to be R34.3 trillion was 15 times more than the national budget and 26 times more than the government's social spending.

The challenges raised above are essential to consider in light of the unemployment rate in South Africa, which is currently at 32,9 % (Statistics South Africa, 2022). This study focused on the Black middle-class populace. However, other studies that pose related questions show that the South African population has transformed since 1994 due to the progression of the country's Black middle-class populace. As indicated, purchasing life insurance is associated with the middle-class populace (Nomi & Sabbir, 2020). In trying to define and measure the size of the Black middle-class population in South Africa, different scholars have used a variety of metrics, including occupation, per capita household income, and income measures based on lifestyle and status.

All these metrics mentioned above of defining the magnitude of the Black middle-class populace using occupation, per capita household income, and income measures based on lifestyle and status reveal that the most significant socio-economic shift since the end of apartheid in 1994 was the progression of the broader Black middle-class population (Van den Berg, 2017; Burger, Steenekamp, van den Berg & Zoch, 2015; Mattes, 2015; McEwan, Hughes & Bek, 2015; Visagie, 2015). However, more importantly, the Black middle-class report (2022) shows that this population segment has a spending power of approximately R400 billion.

This study, therefore, shows the importance of the Black middle-class population and the life insurance sector towards growing the ailing South African economy that is currently growing at less than 1 % (Black middle-class report, 2022). Additionally, what can be construed from this study is the influence of price bundling, penetration pricing and trust on the purchase intentions of life insurance amongst the South African Black populace. Therefore, the findings from this research study provide valuable guidance and suggestions to decision-makers in different life insurance companies in South Africa on how to close the insurance gap and contribute towards improving the state of the economy in South Africa, which can be achieved by prioritising the middle-class Black population. With this background, it is observable that there has been historical neglect of the Black middle class by the life insurance industry in South Africa (Bähre, 2012).

While there is a historical neglect of the Black middle class by the life insurance industry in South Africa (Bähre, 2012), there is a growth in the purchase of life insurance from emerging markets (*which includes South Africa*) compared to more developed markets (Sawadogo, Guerineau, & Ouedraogo, 2018). Sawadogo *et al.* (2018) posit that premiums within the life insurance sector had increased by 60.21% in low and middle-income countries like South Africa whilst rising by only 9.43% in high-income countries between 1996 to 2011. In addition, Swiss Re (2020) reveals that seven African countries accounted for approximately 83% of the insurance market's \$68.15 billion total value. Furthermore, Signé (2020, p. 7) asserts that “the growth of the rest of the African countries as emerging markets has impacted the demand for insurance and shifted the interest of global investors and insurance companies towards the continent.”

Even with this growth in life insurance demand, several studies have been carried out on the factors influencing the purchase of life insurance. Alhassan and Biekpe (2015) surveyed the factors that affect the purchase of life insurance in 31 African countries. Their research revealed that demographic variables such as dependency ratio and health expenditure influenced the purchase of life insurance in Africa. A study of 15 countries in Sub-Saharan Africa by Osama Ose and Ifuero Osad (2021) shows that gross domestic product (GDP) per capita is a factor that affects the purchase of life insurance in Sub-Saharan Africa. Nevertheless, Elango and Jones (2011) found that a critical factor influencing the purchase of life insurance in emerging markets is gross national income (GNI) per capita, interest rates, and merchandise trade. In their study, Elango and Jones (2011) investigated the influence of demographic, economic, and institutional factors on purchasing life insurance in emerging markets.

The population class at the forefront of purchasing life insurance in both developed and emerging markets is the middle-class population (Dragos, 2014; Beck & Webb, 2003). As the incomes of this middle-class population increase, they are more inclined to spend on domestic infrastructure, health care, and entertainment (Banerjee & Duflo, 2008). As a result, the affordability of life insurance becomes less of a concern for them (Dragos, 2014).

Life insurance is a financial instrument that offers two primary services: firstly, it provides income or capital due to death, disability, or critical illness to the life assured. Secondly, it is the service of offering long-term savings instruments, and it relies on life's uncertainty (Relan, 2020). Another way of looking at life insurance is as a long-term contract between the life assured and the insurance company, which protects families from adverse financial consequences when a policyholder dies. Moreover, some life insurance policies facilitate tax-advantaged savings (Hartley, Paulson, & Powers, 2017). Zerriaa, Amiri, Noubbigh and Naoui (2017) posit that the life insurance sector is a vital source of long-lasting investments within economies because the prolonged nature of insurance contracts provides for long-term investments, which then leads to the growth of the economy.

Life insurance companies are highly reliant upon price for their marketing and the final sale to prospective customers, and they face financial ruin if they fail in this execution (Setiawan, Sugiarto, Ugut, & Hulu, 2021). In addition, price determines customer acquisition, retention, and company profitability (Dash, 2012). Teoh, Khor and Wider (2022) posit that the pricing of products is among the essential factors influencing a consumer's willingness to purchase. These scholars offer evidence suggesting that consumer intentions to purchase are significantly influenced by price. This revelation by Teoh *et al.* (2022) makes the price a significant consideration for this study.

Price is essential to the success of any marketing strategy (Moro, Rita, & Oliveira, 2018). Price is one of the four marketing mix elements businesses rely on to capture value and increase profitability. The other aspects of the marketing mix are the product used to create value, the place which delivers value, and promotion, which communicates value (Kotler, 2011). From these four marketing mix elements, price is the only element that generates revenues for businesses without incurring costs (LaPlaca, 1997; Shipley & Jobber, 2001; Grewal & Levy, 2010; Kotler, 2011; Dominique-Ferreira, Vasconcelos, & Proença, 2016). Moro *et al.* (2018) further assert that the unquantifiable and perishable nature of services, including the life insurance industry, makes the pricing process difficult for companies to undertake.

In life insurance, the price is called a premium. These premiums depend on various factors, including acquisition costs, commission paid by the insurance company to the agent/broker, underwriting costs, and the risk pool (Torkestani & Jamshidi, 2014). However, different pricing strategies are used by businesses to price products and services to increase sales (market share) and profitability. These include the new product pricing strategy, the competitive pricing strategy, and the product line pricing strategy (Ingenbleek & van der Lans, 2013). Due to the different pricing constructs available within the strategies mentioned above, this study focused solely on a pricing situation within the competitive pricing strategy: premium pricing. Furthermore, this study focused on the pricing situation within the product line pricing strategy known as price bundling and penetration pricing, which is a new product pricing situation (Ingenbleek & van der Lans (2013).

With premium pricing, companies set the prices of their products or services higher than competitors to signal value (Al-Shakhsheer, Habiballah, Al-Ababneh, & Al-Sabi, 2018). While price bundling is a pricing tactic companies use to sell two or more products for a single price, this price is set to be lower than the costs the consumer would have incurred if they purchased the two products separately (Dominique-Ferreira *et al.*, 2016). Finally, with the market penetration pricing tactic, companies initially set the price of their products and services low to accelerate product adoption (Ingenbleek & van der Lans, 2013).

Price was a consideration for this study since South African consumers can be considered price sensitive due to macroeconomic factors impacting them. These factors include higher levels of inflation caused by high oil prices compounded by load-shedding, which led to slow economic growth (Statistics South Africa, 2022). Furthermore, the abovementioned factors were further exacerbated by the COVID-19 pandemic, which struck the country and the world in 2020. This pandemic resulted in a 21-day economic lockdown (hard lockdown) by the state to restrain the spread of this virus (de Villiers, Cerbone, & Van Zijl, 2020).

The hard lockdown had a devastating effect on the already fragile South African economy. This devastation was evident in an estimated 370,000 jobs being lost, GDP contracting by 7.2%, a fiscal deficit of 12% of GDP, a debt-to-GDP ratio of 81%, and R13 billion being lost daily in the South African economy (de Villiers *et al.*, 2020). Furthermore, the above economic challenges added pressure on businesses to generate profitability and build trust with current and prospective customers. Understood this way, the importance of building customer trust to influence purchase intention follows.

Trust exists when a partner in the relationship has complete confidence in the reliability and credibility of the other partner (Morgan & Hunt, 1994). Maia, Dolci, and Añaña (2022) augment this definition by stating that trust is the consumers' willingness to believe in the seller's ability, generosity, integrity, and predictability and that sellers will take considerate actions for their customers irrespective of their capability to monitor or control them. In addition, Mortimer (2018) highlights that trust has four main components: provision of information, competence, reliability, and benevolence.

Fatma, Rahman and Khan (2015) distinguish two types of trust prevalent in business: Performance-based and integrity-based. Performance-based trust (competence-based trust) is a type of trust a customer has in a company's skills and knowledge to deliver superior services and products and their ability to implement business activities in line with customers' expectations (Fatma *et al.*, 2015). In contrast, benevolence-based (integrity-based) trust is based on a customer's confidence that an organisation is concerned about society's well-being and welfare (Fatma *et al.*, 2015). Thinh, Pham, and Strickler (2019) emphasise that customer trust influences purchase intentions. Having thus explained the importance of building customer trust to influence purchase intention, what ensues hereafter is the introduction of conspicuous consumption and Black tax and their potential negative impact on the purchase intention of life insurance.

Conspicuous consumption is defined as consumption that is intentionally noticeable (Burger, Steenekamp, van den Berg & Zoch, 2015). Burger *et al.* (2015) further define conspicuous consumption as expenditures to acquire luxury goods and services, often associated with more affluent lifestyles. (Burger *et al.*, 2015). Additionally, studies reveal that conspicuous consumption is negatively associated with ownership of assets, limiting peoples' ability to save and invest for their future and necessities like education and insurance (Burger *et al.*, 2015). Having thus explained the potential negative influence of conspicuous consumption on the purchase intent of life insurance, what follows hereafter is the introduction of the Black tax.

Black tax is a form of inter-family financial obligation (Mangoma & Wilson-Prangley, 2019). It is also explained as a form of pressure that the working and middle-class Black population have to look after immediate and extended members of their families financially, which is against the need for personal wealth accumulation for members of the Black middle class (Mangoma & Wilson-Prangley, 2019). Fongwa (2019) asserts that some negative experiences associated with the Black tax include financial distress and emotional burden and that it limits the financial and economic advancement and the independence of the Black middle class. With all these financial pressures brought on by the Black tax, spending on life insurance may be challenging for many in the Black middle class. After considering these factors, the problem statement that supported this study ensues.

## **1.2. Problem statement**

It can be argued that the weak economic environment in South Africa, which is growing at less than 1%, has negatively impacted the demand for life insurance in the country and the continent (Black middle-class report, 2022). This is because the South African life insurance sector accounts for approximately 85% of the African life insurance sector (Swiss Re, 2018). Furthermore, the weak economic environment in South Africa has also been negatively impacted by the COVID-19 pandemic, which distressed the country and the world (de Villiers *et al.*, 2020). In addition, the Association for Savings and Investment South Africa (2022) shows that the gap in insurance coverage for 14.3 million economically active South Africans is R34.3 trillion.

Although the South African economy has slowed down in recent years, the Black middle class has grown and benefited from the end of the apartheid system. In support of this, the Black middle-class report (2022) showed that there were approximately a million more individuals in the Black middle class compared to the White middle class. However, Willows (2019) asserts that even though the South African Black middle class has gained in economic significance, that implication has led to increased consumer spending and has not led to increased savings towards the future and protection of their earnings such as life insurance provides. Willows (2019) revealed that the middle-class Black population was least likely to have life insurance and sufficient retirement savings.

The Association for Savings and Investment South Africa (2022) revealed that insurance products were purchased reluctantly by most of the country's economically active people, as there were no immediate returns on investments made; in addition, most of the younger people held a view that life insurance products and services were more relevant to more senior members of society and consequently were unlikely to devote their incomes on acquiring life insurance products or using their services.

The above factors highlight that the weak economic environment in South Africa has negatively influenced the demand for life insurance in the country and the continent. However, the country's Black middle-class populace has grown significantly within this slowing economy. However, their economic significance has yet to translate into the increased purchase of life insurance, which is a stimulant for economic growth and recovery. The lack of life insurance purchase intent by the Black middle class is due to historical neglect (Bähre, 2012) and members of the Black middle class viewing insurance as a grudge purchase (The Association for Savings and Investment South Africa,2022).

The problems identified herein are on the basis that the middle-class Black population can contribute towards the resurgence of the economy in South Africa through participation in the life insurance sector as customers, as Zerriaa *et al.* (2020) stated that the life insurance sector is integral in the deployment of long-lasting investments within economies, this is because the prolonged nature of insurance contracts provide for long-term investments which then lead to the growth of the economy.

Solving this problem can lead to the recovery of the South African economy and the protection of the middle-class Black population. As per Chaudhary (2016), life insurance offers financial protection to individuals and their dependents in the incidence of threats, accidents, or sudden death, which may leave them in a precarious financial position. In addition, solving this problem will assist in reducing the South African insurance gap and create high and low-skilled employment opportunities, which also improves the South African high unemployment rate; all these are some of the direct and indirect benefits of the life insurance sector. Bearing this problem statement in mind, the objectives underpinning this study ensue.

### **1.3.Objectives of the study**

The objectives of the study were thus:

- 1: To identify the factors influencing the purchase intention of life insurance amongst the middle-class Black population in South Africa.
  
- 2: To examine the influence of pricing and trust on the purchase of life insurance amongst the middle-class Black population in South Africa.

3: To assess the influence of conspicuous consumption and Black tax on the purchase intention of life insurance amongst the middle-class Black population in South Africa.

#### **1.4. Research questions**

Similarly, this research study asked the following questions:

1. What factors influence the purchase intention of life insurance amongst the South African Black middle class?
2. Do pricing and trust influence the purchase intention of life insurance among the Black middle class in South Africa?
3. What is the influence of conspicuous consumption and Black tax on the purchasing intentions of life insurance amongst the Black middle class in South Africa?

#### **1.5. The contribution of the study**

Evidence shows that the life insurance sector can grow the economies of countries. The preceding statement is significant in South Africa as the country's economy has grown at less than 1%. However, studies have identified South Africa as among the countries where insurance demand promotes economic growth. Therefore, this study created a new body of work that focuses on the South African Black middle class's specific influences on purchasing life insurance from a business and academic viewpoint. In addition, this study added to the knowledge and understanding of this population segment's needs and identified some of their challenges and how to overcome them. This knowledge will benefit leaders within the insurance industry in identifying how to increase the purchase of life insurance with this population group and play their part in growing the South African economy.

## **1.6. Delimitations of the study**

This research study focused on the influential factors towards the purchase intent of life insurance amongst the South African Black middle class. These factors were narrowed down to price, trust, conspicuous consumption, and Black tax. Although other factors can influence the purchase intention of life insurance, these were not immediate critical concerns to be examined and were thus not included in this study, particularly as they pertain to the purchase intention of life insurance.

## **1.7. Definition of terms**

**Black population:** In this study Black population refers to Africans born in South Africa (Van den Berg, 2017).

**Black middle class:** The Black middle class is a population group that consists of white-collar professional workers and entrepreneurs. The Black middle class comprises males and females who earn between R16,000 and R 50,000 a month, as the Unilever Institute for Strategic Marketing (2014) explains.

**Black tax:** Black tax is an informal term used to define a form of the inter-family financial obligation that links the South African Black middle class to their destitute family members (Mangoma & Wilson-Prangle, 2019).

**Conspicuous consumption:** A consumption pattern that is purposely noticeable (Burger, Steenekamp, van den Berg and Zoch, 2015).

**Purchase intention:** Purchase intention is the likelihood of a consumer purchasing a product or service, effectively predicting actual purchase behaviour (Liu, Xiang, & Zhang, 2021).

## 1.8. Assumptions

The following assumptions were made for this study:

- The magnitude of Black middle-class population in South Africa has not been adversely affected by the COVID-19 pandemic.
- The variables discussed in this study (price and trust) could positively influence the intention to purchase life insurance amongst the South African Black middle-class populace.
- Participants were truthful in their responses and identified as the middle class.

## 1.9. Report structure

There are six (6) chapters in this research report.

**Chapter 1** introduces this research report and includes the background of this study. This is followed by the problem statement underpinning this study. The objectives follow the problem statement for this study. Following this study's objectives are the research questions and the study's contributions. These are followed by the delimitations of the study, the definition of terms, assumptions made for this study, and, lastly, the chapter summary.

**Chapter 2** is a review of the literature that underpinned this study. This includes the literature review of the South African Black middle-class population. In addition, it is a review of the literature on the constructs that formed the basis of this study: price (premium price, price bundling, penetration price), trust, conspicuous consumption and Black tax. The theoretical and conceptual frameworks follow these for this study. Finally, chapter 2 concludes with the chapter summary.

**Chapter 3** is the research methodology. This chapter explains the methodology applied to achieve this research study's objectives and answer the research questions. The chapter includes the research philosophy, research approach and research design. These are tailored by the data collection method, research population, and sample size applied for this study. In addition, this chapter includes information on the research instruments used for this study and the validity and reliability measures. This section additionally addresses the study's limitations and ethical considerations. Lastly, chapter 3 concludes with the chapter summary.

**Chapter 4** is the presentation of the results gathered from the research study. This chapter includes information on the number of respondents for this study and their demographic information. Furthermore, this chapter includes information on how the validity of this study was measured and the validity of the scales used for this study. In addition, this chapter includes the regression analysis for this study and the outcome of the hypothesis testing. Lastly, chapter 4 concludes with the chapter summary.

**Chapter 5** explains the results of this research study founded on the objectives of this study and the research questions this study sought to answer, and also based on the review of literature presented in Chapter 2.

**Chapter 6** is this study's conclusion and provides suggestions and recommendations grounded on the results of this research study.

### **1.10. Chapter Summary**

This chapter introduced price and trust as factors that can positively influence the intention to purchase life insurance among South Africa's middle-class Black population. Furthermore, this chapter has identified conspicuous consumption and the Black tax as factors that can negatively influence the intention to purchase life insurance within the same population group. This research report is initiated on the understanding that there has been an increase in the purchase of life insurance from emerging markets like South Africa compared to more developed markets. However, little is known about the factors that can influence the purchase intention of life insurance, especially amongst the South African Black middle-class populace. This chapter also specified the objectives of this study and the questions that this study sought to answer. Subsequently, this study seeks to contribute towards creating a new body of critical literature that focuses on the South African Black middle class's specific influences on purchasing life insurance to increase the knowledge and understanding of this population segment's needs and identify some of their challenges and how to overcome them.

## CHAPTER 2

### LITERATURE REVIEW

#### 2. Introduction

This chapter comprises the literature review of the core principles underpinning this study. Firstly, a scholarly examination of the middle-class Black population in South Africa and purchase intention was presented. These were followed by a literature review of price (which included the price constructs premium price, price bundling, and penetration pricing) and trust. This chapter also included the literature review on conspicuous consumption and Black tax as other variables under consideration for this study. The literature review follows the theoretical and conceptual frameworks underpinning this study. Finally, this chapter concluded with a summary.

#### 2.1. Factors that influence the purchase intention of life insurance

##### 2.1.1. Defining the South African middle class

Most studies defined the middle-class populace regarding income, consumption patterns, occupational status, or self-identification (Ortiz-Juarez & Lopez-Calva, 2014). Mercer and Lemanski (2020, p.2) posit that “while precise definitions of the middle classes across time and space, with no universally agreed criteria, the two indicators that vary are usually considered key are wealth, defined as income, and status, emphasizing the role of education and occupation.” Within the South African context, the Black middle-class populace was defined by income and occupation (Visagie, 2015), capability (Burger & Van Der Berg, 2015), and by vulnerability to poverty (Zizzamia *et al.*, 2015). Clarification of these definitions of the Black middle class follows.

### **2.1.2. A middle class defined by income**

Using income to identify the South African Black middle-class populace Visagie (2015) used data from the 2008 National Income Dynamics Study (NIDS) to define the middle class according to affluence or lifestyle and the middle class represented by the middle-income strata. Visagie's (2015) study revealed that the affluent class comprised families with a monthly income of between R1,400 and R 10,000 per person. Furthermore, the middle class, defined by the middle-income strata, comprises families with between 50% and 150% of the median per capita household income.

Monthly earnings of between R1,400 to R10,000 cannot be regarded as meeting the middle-class lifestyle. In support of this argument, Ndletyana (2014, p.4) stated that "classifying the middle class according to an income per person between R1,400 and R10,000 monthly included a significant number of people who may be regarded as being blue-collar workers who may not necessarily meet the educational criterion nor have a world-view that is typical of a middle class." Although the above classification of the middle class by Visagie (2015) did not apply to this study for the reasons mentioned above, this definition revealed critical information about the middle-class population in South Africa. Visagie's (2015) study showed that just over three (3) million Blacks had moved into the middle-class population regarding this affluence-based classification of the middle class. This rise in the middle-class Black population can be attributed to policies such as Black Economic Empowerment (BEE), Affirmative Action (AA), and the increase in the general population amongst Blacks (Visagie, 2015).

However, the Unilever Institute for Strategic Marketing (2014) provided an opposing definition of the Black middle class using income. This report highlighted that the Black middle class comprised males and females earning between R16,000 and R 50,000 gross monthly income. (This translates to a gross monthly income of between \$859 and \$ 2,686). Furthermore, based on South Africa's living standards which (de Villiers *et al.*, 2020) indicated were negatively impacted by the COVID lockdown where an estimated 370,000 jobs were lost, GDP contracted by 7.2%, a fiscal deficit of 12% of GDP, a debt-to-GDP ratio of 81%, and lastly, R13 billion lost in the economy daily, de Villiers *et al.* (2020). Therefore, the definition of the middle-class population by the Unilever Institute for

Strategic Marketing (2014) is more relevant to this study and is a definition that was adopted for this study.

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### **2.1.3. A middle class defined by occupation and skills levels**

Burger *et al.* (2015) detailed an established practice of defining the middle class according to their occupation. However, Visagie (2015) stated that a significant shortcoming in using the occupational approach to identify the middle class was that it excluded a large portion of the population outside the labour force who may be self-employed. Nonetheless, professions that were classified as being occupied by the middle-class populace included white-collar workers, professionals, and clerks (Burger *et al.*, 2015). In support of this argument, Visagie (2015) categorised occupations such as senior and middle management jobs, legislators, senior officials, professionals, and associate professionals as generally middle-class occupations.

As already shown, the classification of the middle class according to occupation and skill levels had shortcomings that could limit its validity (Visagie, 2015). However, Visagie (2015) avowed that this categorisation revealed that there had been a rapid increase in the number of Blacks who occupied these middle-class occupations. The findings above by Visagie (2015) were significant as more senior occupations (jobs) were strongly correlated with higher earnings levels, which would increase an individual's spending power; this then created a market for service providers such as insurance companies (Visagie, 2015). Mattes

(2015) further stated that with the rise of the middle-class Black population in South Africa, there was an increase in the demand for products like motor vehicles, residential property, and insurance.

#### **2.1.4. A middle class defined by capability**

Burger *et al.* (2015) defined the Black middle class using the Project for Statistics on Living Standards and Development (PSLSD) data. This study was carried out by the South African Labour Development Research Unit (SALDRU) in 1993. Burger *et al.* (2015) incorporated the NIDS for 2008, 2010, and 2012, using the PSLSD survey as a framework to compare the two reviews. Their research aimed to characterise the middle class using the capability approach. The capability referred to herein included the four capabilities firstly, people who are not concerned about affording their most basic needs for their survival; secondly, people who can purchase what they need for their sustenance; thirdly, the ability to choose professions that are desirable to them and fourthly is the ability to process information (Burger *et al.*, 2015).

Although Burger *et al.* (2015) regarded the middle-class population as skilled, capable and free economically to follow their desires and ambitions, there were limits to their study, which made their definition of the middle-class populace insufficient in this study. The capability approach by Burger *et al.* (2015) focused on people's basic needs rather than the needs of the empowered people, which are supposed to be the characteristics of the middle-class populace.

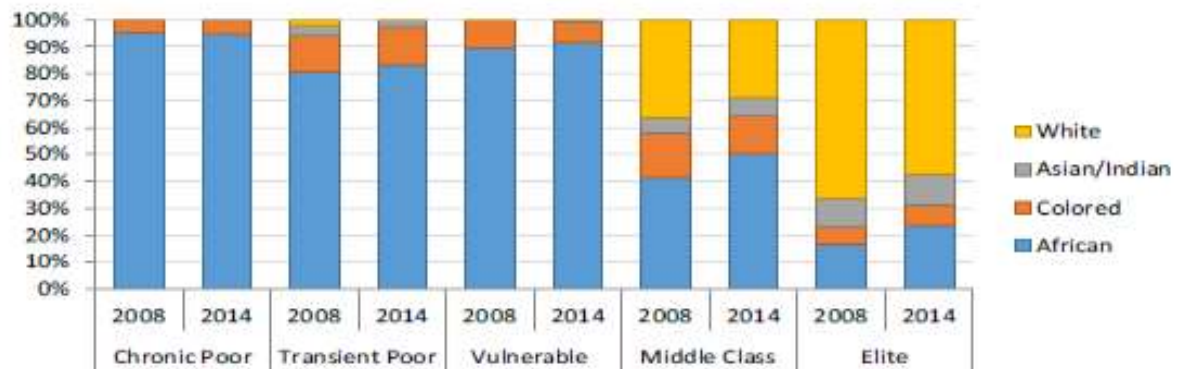
#### **2.1.5. A middle class defined by vulnerability to poverty**

Another method of defining the middle-class population is the vulnerability to remain or fall into poverty within five years, as introduced by Lopez-Calva and Ortiz-Juarez (2014). These scholars argued that only individuals at reduced risks of poverty could be regarded as meeting middle-class standards. Following on from work by Lopez-Calva and Ortiz-Juarez (2014), Zizzamia *et al.* (2016) used the panel dimension of the NIDS from 2008 to 2014 and 2015 to describe the middle class according to the susceptibility to poverty approach in the South African context. These scholars agreed with Lopez-Calva and Ortiz-Juarez (2014) that the middle-class populace should be at reduced risk of falling into a position where they cannot afford their most basic requirements.

Furthermore, Zizzamia *et al.* (2016) defined the middle-class populace on real per capita household expenditure. To define this, Zizzamia *et al.* (2016) selected expense levels related to the highest risk of poverty of 10% as the lowest level of the middle class and expense level related to absolute protection from poverty as the higher level; this resulted in a monthly expenditure ranging between R3,104 and R10,387. Mercer and Lemanski (2020) posit that some of the most dominant conceptions of the middle class in the global South and Africa are established by the International Labour Organization (ILO) and the African Development Bank (AfDB). The ILO defines the global South middle classes broadly as families with daily per capita consumption ranging \$4 to \$13. While the AfDB classifies middle class families as those with per capita consumption of US\$2–US\$20 per day. Due to the need for people to be at reduced risk of destitution before being classified as middle class, as indicated by Zizzamia *et al.* (2016), this study found this definition relevant in the South African context.

Therefore, this study also regards the Black middle class as a population group comprising white-collar professional workers and entrepreneurs. Consequently, this group had expense levels related to the highest risk of poverty of 10% as the lowest level of the middle class and expense levels related to absolute protection from poverty as the higher level; this resulted in a monthly expenditure ranging between R3,104 and R10,387, as defined by Zizzamia *et al.* (2016). Furthermore, this study classified the Black middle class as males and females who earned between R16,000 and R 50,000 monthly (Unilever Institute for Strategic Marketing, 2014). This infers that this study adopted the income and expenditure classification of the Black middle class.

By defining the middle class using the vulnerability to destitution method, Zizzamia *et al.* (2016) found evidence suggesting the rapid growth of the middle-class Black population in South Africa. A follow-up study by Schotte *et al.* (2018) revealed that Blacks constituted more than 50% of the middle-class populace in South Africa. Figure 2.1: below highlights the racial configuration of South Africa's middle-class population using the five social classes (chronic poor, transient poor, vulnerable, middle class and elite) between 2008 and 2014, as highlighted by Schotte *et al.* (2018). Of greater importance for this study is the composition of the middle-class population based on race, which is shown to be dominated by Blacks.



**Figure 2.1: The racial composition of South Africa’s five social classes, 2008 and 2014/15. Source: Schotte *et al.* (2018:98)**

Zizzamia *et al.* (2016) further revealed that the number of Blacks within the South African middle-class populace translated to four (4) million Blacks making up the South African middle-class population in 2014/15. The findings by Zizzamia *et al.* (2016) were supported by the Unilever Institute for Strategic Marketing (2014), which revealed that the South African Black middle-class populace comprised approximately four million two hundred thousand (4,200,000) individuals. The Black middle-class report (2022) revealed that three million, eight hundred thousand (3,800,000) individuals made up the South African middle-class population. The Black middle-class report (2022) also revealed that there were approximately a million more individuals within the middle-class Black population than the White middle class.

From a marketing point of view, the growth of the middle-class Black population provides a new market segment for companies to sell and market their goods and services (Kandogan & Johnson, 2015). This view was also supported by Visagie (2015), who posited that the Black middle class was the primary driver of consumption within South Africa. Schotte (2021) detailed that among the benefits the middle-class populace provided was contributing towards economic growth through shifting consumption and production patterns. Having thus defined the South African middle-class population, a literature review of purchase intention follows.

### **2.1.6. Purchase intention**

Purchase intention is grounded in the relationship between customer behaviour and preferences, making this construct very important for customer research (Galindo *et al.*, 2019). Galindo *et al.* (2019) further posited that purchase intention was relevant in marketing literature since companies used it to forecast sales of new products or the repeated purchase of existing products and services. In addition, purchase intention shows that customers tend to buy goods or acquire services and share their experiences with friends and family (Galindo *et al.*, 2019). Gousgounis and Neubert (2020) explained that purchase intention was a critical factor that predicted consumer behaviour, turning intention into an actual purchase action. From this, it can be deduced that purchase intention effectively predicts buying processes (Gousgounis & Neubert, 2020).

Asshidin, Abidin, and Borhan (2016) posited that purchase intention reflected customers' foreseeable behaviour in short-term buying decisions. Additionally, purchase intention was used to forecast existing product and service sales (Asshidin *et al.*, 2016). Rehman *et al.* (2019) further submitted that intention was a good indicator of the likelihood of individuals performing certain behaviours. Research showed that increased purchase intention reflected an increase in the chance of purchasing behaviour (Peña-García, Gil-Saura, Rodríguez-Orejuela, & Siqueira-Junior, 2020). Rehman *et al.* (2019) asserted that various factors determined purchase intention and that intention influenced consumers' purchase behaviour. Accordingly, the *intention* was a significant indicator of the extent to which individuals performed certain behaviours and indicated how many attempts individuals tried to perform a definite behaviour (Rehman *et al.*, 2019).

The literature review of purchase intention was relevant to the objectives of this study, of identifying the factors that influence the purchase intent of life insurance among the South African Black middle-class population, given the emphasis it placed on purchase intention as a predictor of sales of new products or the repeated purchase of existing products and services such as life insurance. In addition, it is linked to the intention to perform certain behaviours. This inferred that by identifying the influences of purchase intention of life insurance, the sales of life insurance amongst the Black middle class would increase.

Therefore, a literature review of price (*which includes the price constructs premium price, price bundling, and penetration pricing*) and trust ensues to highlight the objective of examining the influence of pricing and trust on the purchase intention of life insurance amongst the Black middle-class in South Africa.

## **2.2. The influence of pricing and trust on the purchase of life insurance**

### **2.2.1. Price**

Arfa and Benrached (2021) posited that price is a variable companies can use to influence buyer behaviour. Since the primary objective for most companies is managing costs and maximising profitability, determining the correct pricing strategy and tactic is a priority for companies (Criveanu & Popescu, 2018). However, from the view of the consumer, price is what they give up or sacrifice to obtain the product or services (Zeithaml, 1988; Arfa & Benrached, 2021). Therefore, by setting the optimal price, companies can communicate with the consumers directly while maintaining a balance between the average profit per unit and the sales to achieve the goals in targeted indices (Du & Chen, 2017).

Price-setting starts with establishing a pricing strategy (Ingenbleek & van der Lans, 2013). The pricing strategy is a set of deliberate choices companies make around the prices for their products/services. These choices are based on alternative prices to maximise profitably within a planning period in response to a given scenario (Du & Chen, 2017). A pricing strategy provides a methodical depiction of the elements required to be managed to achieve profit-making performance within companies (Cressman, 2012).

The elements referred to are: the intended pricing objective, the relative target price level, and the micro and macro factors that businesses regularly encounter (Kienzler & Kowalkowski, 2017). Kienzler and Kowalkowski (2017) added to the definition of a pricing strategy by Tellis (1986) by stating that some of the circumstances that had a direct bearing on a pricing strategy included: the prevailing economic environment, objectives of the company, characteristics of the customer, and the pricing situation. In that way, different pricing strategies reflected the circumstances above. As a result, there are three major groups in which pricing strategies can be classified: new product pricing, competitive pricing, and product line pricing (Ingenbleek & van der Lans, 2013).

Karudaman and Yilmaz (2014) highlighted three functions of price in the financial services sector, such as life insurance. Firstly, price generated income for the financial services organisation. Secondly, the price creates collaboration between the company and the customers. It also sets a market positioning and sets the objectives of the financial services organisation. Thirdly price was an indicator of quality for customers. In addition, Karudaman and Yilmaz (2014) stated that the most tangible element of the marketing strategy of any financial service institution was the price. Gousgounis and Neubert (2020) stated that the literature showed that price influenced consumer purchasing intention at varying levels. Gousgounis and Neubert (2020) also highlighted a strong link between price and purchase intention. In addition, the price was a primary factor influencing purchasing decisions (Gousgounis & Neubert, 2020). This review of the literature on pricing highlighted the importance of this variable towards influencing purchase intention. Considering this, a literature review of premium pricing, price bundling and penetration pricing as pricing strategies under consideration for this study ensues.

#### ***2.2.1.1. Premium pricing***

Singh and Pandey (2018) defined premium price as the added price paid by customers over the average price, and it embodied improvements in the quality of a product or service. Ingenbleek and van der Lans (2013) avowed that premium pricing was a pricing strategy located within the competitive pricing strategy. Premium pricing is associated with a more mature market where the product has reached a mature stage in the product lifecycle (Ingenbleek & van der Lans, 2013). With premium pricing, companies set the prices of their products or services higher than competitors to signal value (Al-Shakhsheer *et al.*, 2018).

Companies that strive to gain market share use the premium pricing situation, as only on rare occasions does adopt a low pricing strategy assist in gaining market share (Ingenbleek & van der Lans, 2013). Premium pricing implies setting prices higher above competitors or other products to capture the customers likely to purchase the best products or pay more for the best services (Ingenbleek & van der Lans, 2013).

Hinterhuber and Liozu (2018) postulated that a premium pricing strategy required highlighting customer value relative to the best available competitor. Furthermore, that value must be sustained over time by a differentiation that matters to a clearly defined customer segment. A key challenge of premium pricing was the constant pursuit to justify prices with a value offering that was differentiated relative to competitors while being relevant to customers.

Paying a premium price can have a high-quality product effect on the customers' minds and indicate a higher status for the owners of those products. Conversely, these premium prices can decrease the purchase intention of customers owing to decreased affordability (Karudaman & Yilmaz, 2014). In marketing, premium price indicates financial stability and quality (Suha & Sharif, 2018). Moreover, customers associate a higher price with higher quality while considering value for money (Suha & Sharif, 2018). An inference from these definitions is that premium pricing can increase customers' purchase intention, particularly those customers who associate a premium price with higher quality.

According to Suha and Sharif (2018, p.165), "when merging price premium with purchase intention and behaviour, the degree of willingness a consumer would like to pay without affecting his decision is referred." According to Augusto and Torres (2018), customers who preferred the premium pricing strategy had lower sensitivity to price changes and were most likely to maintain their relationships with their service providers. Furthermore, Suha and Sharif (2018) found that premium price positively influences purchase intention. Therefore, based on this literature on premium pricing, it shows that there were consumers that were prepared to pay more to acquire services and products, as this is a way to signal quality and were less sensitive to price changes. Premium price influences purchase intention and customer behaviour (Suha & Sharif, 2018). This study seeks to investigate if this can translate to the purchase intention of life insurance amongst the Black middle class in South Africa.

### **2.2.1.2. Price bundling**

Price bundling is in the product line pricing situation (Ingenbleek & van der Lans, 2013). Yassine, AlSagheer, and Azzam (2018) stated that price bundling involves selling two or more different products as a single package. Dominique-Ferreira and Antunes state (2019) that the term separate is ground-breaking as it encompasses selling products or services from opposing market segments that can be acquired independently or as part of a package. The bundling of products entails the merging and selling of two or more different products or services at any price.

In comparison, price bundling is selling two or more different products in a package at a discount without integrating the products (Dominique-Ferreira & Antunes, 2019). The price bundling situation comprises two strategies: pure bundling and mixed bundling. With the pure bundling strategy, products/services are only accessible in bundles at a given price, and buyers cannot acquire them individually. In contrast, mixed bundling allows customers to buy the products/services in a bundle or separately at a discounted price (Dominique-Ferreira & Antunes, 2019).

Dominique-Ferreira *et al.* (2016) presented two price bundling strategies: mixed-joint and mixed-leader bundling. With mixed-joint bundling, there is a discount when at least two products are purchased simultaneously; however, customers do not know to which the reduction has been applied. Mixed-leader bundling is applied when there is a decrease in the price of the leader product if a customer buys another product. Kim, Bojanic, and Warnick (2009) state that the conceptual basis of price bundling may be derived from research on the economics of scope, cost economies, demand benefits or demand creation, and the dimensions of service or service sectors. With price bundling, companies set reasonable prices for bundles. In this manner, they persuaded customers to acquire the bundles, which are the least expensive to produce, as an alternative to individual products seller (Kim *et al.*,2009).

When a company sells its products/services as a bundle for a set price, the marketers of the product bundle are, in theory capturing greater “economic rent” by persuading the customers to purchase something they would not purchase from the same bundle seller (Kim *et al.*,2009). Price bundling offers policymaking characteristics for companies based on pure economics, value-added concepts, and corresponding strategic goals. Additionally, their goals and objectives may incorporate the offering or launching new products or services (Kim *et al.*,2009). Price bundling benefits both the company and the customer. From a company’s perspective, bundling allows them to sell products/services they could not sell in other ways, thereby increasing their profitability Kim *et al.* (2009). From the customer’s perspective, price bundling reduces their transaction costs. Also, it increases their savings because it is more cost-effective for them to purchase the items as a bundle instead of purchasing them separately. (Dominique-Ferreira & Antunes, 2019). Spann, Fischer and Tellis (2015) point out that discount bundling leads to customers’ willingness to recommend a product/ service and purchase intention. A study by Won and Shapiro (2021), reveals that price bundling has a positive influence on customers’ purchase intention. This study seeks to investigate if this can translate to the purchase intention of life insurance amongst the Black middle class in South Africa.

#### ***2.2.1.3. Penetration pricing***

Penetration pricing is a pricing strategy within the new product pricing strategy (Ingenbleek & van der Lans, 2013). It involves setting low prices with the objective of gaining maximum market share. It is also an ideal pricing situation when the market is price-sensitive, and products are less differentiated (Kotler & Keller, 2016), just as with life insurance. The benefit of the penetration pricing strategy for the customer is that it reduces their financial risks and increases their perceived value. Ultimately it increases the customers’ purchase intention (Lee, 2014). A study by Ali and Anwar (2021) showed that penetration pricing positively influenced consumer behaviour.

The benefits of this strategy to the company are that it increases its profitability as it can attract and keep more customers (Ingenbleek & van der Lans, 2013). Another benefit of the penetration pricing strategy to companies is that lower prices increase the likelihood of quicker product adoption in the market (AlJazzazen, 2019). However, the downside of this pricing strategy is that customers tend to associate a lower price with poor quality.

However, Al Jazzazen (2019) stated that although the return on investment to the company may be low in the initial stages, penetration pricing was a long-term strategy beneficial in instances where the price elasticity of the new service is very high.

Literature on penetration pricing shows that it is triggered by company-related factors related to their corporate and marketing strategies and the product's characteristics (Indounas,2020). Furthermore, companies that use penetration pricing do so to speed up the adoption of new products. It is a strategy used by companies seeking cost advantage owing to scale in markets with extreme levels of elasticity (Du & Chen, 2017). According to Sözer (2019), some companies dynamically implemented the penetration pricing strategy; this was done by applying lower prices in the initial stages and then increasing the prices gradually as the market penetration or sales reached a satisfactory level. Although life insurance is not a new product, applying the penetration pricing strategy dynamically can increase the adoption and purchase of life insurance amongst the Black middle class. This view supports the objective of penetration pricing, that the product's price is initially set low to accelerate product adoption (Ingenbleek & van der Lans, 2013). A study by Feng *et al.* (2019) reveals that penetration pricing strategy has a positive influence on consumers purchase intention. This study was conducted in the retail sector and evidence shows that this relationship is yet to be tested in the life insurance sector.

### **2.2.2. Trust**

Trust has been studied in different fields, including economics, psychology, sociology, law, and marketing. Within the marketing field, trust was studied from the perspectives of both the company and the customer; in that way, the higher the level of trust, the more committed the customer will be (Zsigmondová, Zsigmond, and Machová, 2021). In addition, trust is recognised as a mediating variable in various disciplines like management, psychology, philosophy, and marketing (Fatma *et al.*,2015).

Zsigmondová *et al.* (2021) avowed that trust was essential to the marketing plan. Every successful business relationship depends on trust between the company and its customers. From the company's view, trust was essential in the marketing objective of satisfying customer needs and maintaining and managing these relationships (Zsigmondová *et al.*, 2021). From the customer's viewpoint, trust is their confidence in an organisation to perform its responsibilities consistent with the customer's expectations (Park *et al.*, 2014).

Fatma *et al.* (2015) distinguished between two types of trust prevalent in business: Performance-based and integrity-based. Performance-based trust (competence-based trust) is a customer's trust in a business's skills and knowledge to deliver superior products/services and their ability to carry out business functions in line with customers' expectations (Alarcon, Capiola & Jessup, 2022). Benevolence-based (integrity-based) trust is based on a customer's confidence that a company cares about society's well-being and welfare (Alarcon *et al.*, 2022). Rehman, Bhatti, Mohamed and Ayoup (2019) defined trust as a person's willingness to tolerate another party's actions based on the optimistic expectation that the other party will perform a particular action necessary to the trustor, regardless of the ability to monitor another party.

Thinh *et al.* (2019) argued that trust assisted customers in overcoming risk perceptions and doubts in using and accepting products they purchased; furthermore, the trust gave customers a sense of safety and assurance in their transactions. With trust, insurance companies can benefit from the firm intention to purchase (Panigrahi, Azizan, & Waris, 2018). Buying something that cannot be seen or evaluated means customers must depend on trust. Trust was an indicator that influenced consumers' purchase behaviour (Rehman *et al.*, 2019). In addition, Broeder and Schouten (2022) posited that trust and purchase intention are linked, which inferred that when customers trust the seller and their actions, they are more likely to make a purchase decision. Poan, Merizka and Komalasari (2021) showed the importance of trust towards influencing the purchase intention of life insurance. This study seeks to investigate if this can translate to the purchase intention of life insurance amongst the Black middle class in South Africa.

## **2.3. The influence of conspicuous consumption and Black tax on the purchase intention of life insurance**

### **2.3.1. Conspicuous consumption**

Conspicuous consumption can negatively influence the South African Black middle-class populace purchasing life insurance (Kaus, 2013; Burger, Louw, Pegado, & van der Berg, 2015). Conspicuous consumption was defined as consumption that was meant to be visible (Burger *et al.*, 2015). Burger *et al.* (2015) further stated that conspicuous consumption was expenditures to acquire luxury goods and services, often associated with a more affluent lifestyle (Burger *et al.*, 2015). Tilman (2006) asserted that conspicuous consumption was grounded in Veblen's theory of the leisure class (1899). Trigg (2001) clarified that Veblen offers an evolutionary paradigm in which preferences are decided socially, respecting the positions of individuals in the social hierarchy. According to Veblen's theory of conspicuous consumption, individuals mimic the consumption habits of those at higher levels in the hierarchy. As the economy and its social fabric grow, so do the social norms that regulate such emulation.

Trigg (2001) posited that one-way people signal their newly acquired wealth to their contemporaries was to spend money on consumption artefacts. Trigg (2001) further asserts that Veblen views conspicuous consumption as an essential feature that determines consumer behaviour across all social classes. The theory of conspicuous consumption, as established by Veblen, demonstrates that every socioeconomic class attempted to try and emulate the purchasing behaviour of the classes above them to such a degree that there was even pressure on the impoverished members of society to participate in conspicuous consumption (Trigg, 2001).

Another way of looking at conspicuous consumption is as a situation where consumers' social needs control their preferences, primarily the feeling of prestige, and where a person shows their newly acquired wealth through a high degree of luxury expenses on consumption and services (Podoshen, Andrzejewski, & Hunt, 2014). Podoshen *et al.* (2014) further stated that these conspicuous items become status symbols utilised in the dominant process of sustaining the social order and operate as a crucial component of an outwardly based system of reference, leading to their anchoring to preserve societal equilibrium.

Additionally, conspicuous consumption indicates wealth; it is relative in that way. A person's position is socially dependent compared to others within the same reference group. Race may be used to define the reference group in South Africa since race has played an essential part in forming cultural and economic identities (Burger *et al.*, 2015). A study by Kaus (2013) revealed that the Black middle class demonstrated wealth by spending 30% to 50% more on noticeable consumer products and services than their White counterparts. These findings above inferred that the middle-class Black population's expenditures on life insurance products and services might be limited owing to this factor of conspicuous consumption.

The consumption patterns of the middle-class Black population are attributed to the asset deficiency that most Blacks still experience owing to the country's history of apartheid and their new entry or perhaps insecure affiliation to the middle-class group (Kaus, 2013; Burger *et al.*, 2015). Furthermore, Fletcher and Chikweche (2014) revealed that the prioritised consumption of the South African Black middle class included buying houses and motor vehicles and paying for their children's education. Evidence showed conspicuous consumption negatively correlated with asset ownership and crowded out future investments (Burger *et al.*, 2015). These findings substantiated the findings by Charles, Hurst, and Roussanov (2009), who asserted that less expenditure was focused on education and healthcare by focusing on conspicuous consumption.

A study by Jung *et al.* (2020) shows the negative impact of conspicuous values on sustainable apparel purchase decision. Jun *et al.* (2020) define these conspicuous values as the prestige individuals seek to engage with others because of their reputation and social standing, these values offer a key insight into many consumer behaviours such as purchase intention. Jaikumar and Sharma (2021) also show the negative impact of conspicuous consumption on life insurance purchase intention by stating that evidence shows that an increase in conspicuous consumption results in higher household debt and a greater number of loans. This study therefore seeks to study this phenomenon amongst the South African Black middle class populace as not enough research has been conducted on the impact of conspicuous consumption on the purchase intention of life insurance amongst the Black middle class.

### 2.3.2 Black tax

Black tax can negatively influence the middle-class Black population from purchasing life insurance. Black tax is a form of the inter-family financial obligation that links the South African Black middle class to their destitute family members (Mangoma & Wilson-Prangley, 2019). Black tax is also explained as a form of stress on the Black middle class to care for immediate and extended relatives financially, which goes against the need for personal wealth accumulation for the members of the Black middle class. (Mangoma & Wilson-Prangley, 2019). Magubane (2016) explained that the Black tax was the process through which members of the Black middle class used a substantial amount of their wages and investments to sustain the livelihoods of their family members. Magubane (2016) further asserted that the Black tax was retrogressive to those making financial contributions to their family members and limited their financial and economic growth and independence. Using substantial wages and investments to sustain the livelihoods of immediate and extended family members can limit expenditure on essential things like life insurance. This financial transfer can be traced back to historic financial inequality in South Africa. Carpenter and Phaswana (2021) detailed that most Black residents experience inequality, poverty, and deprivation daily in South Africa. McEwan *et al.* (2015) supported this point by stating that post-apartheid South Africa remained a structurally unequal society, wherein class-based inequality was racialised.

While the Black tax was now associated with the Black middle class, it dates back to the apartheid days. Black South Africans were forcibly moved and restricted to economically marginalised homelands during this period. This forced many male Black South Africans to migrate to the economic centres of South Africa in search of employment. As a result, people in the rural households in these homelands would eventually become dependent on money transfers by migrant breadwinners as a significant source of income. This practice continues even now for the Black middle-class populace (Carpenter & Phaswana, 2021).

Mangoma and Wilson-Prangley (2019) revealed that the Black middle class's financial transfers or remittances to family members involved substantial amounts of money. The financial implications of these transfers to the beneficiaries were substantial. However, to the providers, these financial transfers were a financial burden which decreased their ability to save and invest for their financial goals; additionally, these transfers can deter both the

financial development and financial viability of the Black middle class owing to this diminished capacity to save and invest. The Old Mutual Savings and Investment Monitor (2018) indicated that about 70% of the Black middle class experienced or foresaw experiencing Black tax (Le Roux, 2018).

According to Fongwa (2019), young professionals and the media have characterised the Black tax as a type of abuse that traps Black professionals in a cycle of impoverishment and monetary need. Fongwa (2019) further asserted that some negative experiences associated with the Black tax included financial distress and emotional burden. It limited the financial and economic growth and independence of the Black middle class. Montle (2020, p.236) also postulated that the Black tax “attempts to limit destitution in disadvantaged families but also poses a menace to economic emancipation. The young Black professionals affected by Black tax often fail to build legacies as they linger in one financial status for a long period because they provide for siblings, parents and extended families.” With all these financial pressures brought on by the Black tax, spending on life insurance may be challenging for many members of the Black middle class. A study by Jeaven, Wapnick and Carswell (2022) shows that Black tax in the form of remittances received cash or in kind, decreased the propensity to purchase life insurance and this was more evident amongst Blacks. This study is therefore based on investigating this impact of Black tax amongst the South African Black middle class populace. This study seeks to investigate if this can translate to the purchase intention of life insurance amongst the Black middle class in South Africa.

The theoretical framework that follows was based on influences of consumer behaviour. The literature review above showed that purchase intention reflects customers’ foreseeable behaviour in short-term buying decisions (Galindo de Morais & Solange, 2019). Price is a variable companies use to influence buyer behaviour (Arfa & Benrached,2021). Trust is an indicator that influences purchase behaviour (Fatma *et al.*,2015). Finally, conspicuous consumption was considered the most significant factor determining consumer behaviour (Trigg, 2001).

## 2.4. Theoretical framework

The theory underpinning this study was founded on the theory of planned behaviour (TPB) by Ajzen (1991). According to Rehman *et al.* (2019), TPB extends the theory of reasoned action (TRA) by Fishbein and Ajzen (1975). Several scholars have used TPB to determine the factors that influence purchase intention. This is because the intention is acknowledged as the best predictor of human behaviour (Hutahaeen & Kurnia,2020). Lin and Guan (2021) also posit that attitude, subjective norms, and behaviour control significantly impact consumer intentions. Mahmoud (2017) states that TPB advocates that attitudes and subjective norms predict a person's intention to perform a behaviour and perceived behavioural control. According to TPB, perceived behavioural control and intention may be utilised to predict behavioural achievement directly. (Ajzen, 1991).

Ajzen (2020) posited that TPB had been applied to effectively explain and predict behaviour in a multitude of behavioural domains. In addition, Rehman *et al.* (2019, p.24) stated that the “theory of planned behaviour hypothesises that an individual's positive attitude jointly with their thoughts form the behavioural intention of that individual.” According to Ajzen (2020), TPB started with a specific characterisation of the behaviour of interest according to its *target*, the *action* concerned, the *context* in which it happened, and the *time frame*. Each of these aspects has varied degrees of clarity or generalisation. Pan and Liu (2022) stated that the precursor of behaviour with TPB is the intention to execute the behaviour, which inferred that the more significant (more robust) the intention, the greater the likelihood that the behaviour will follow.

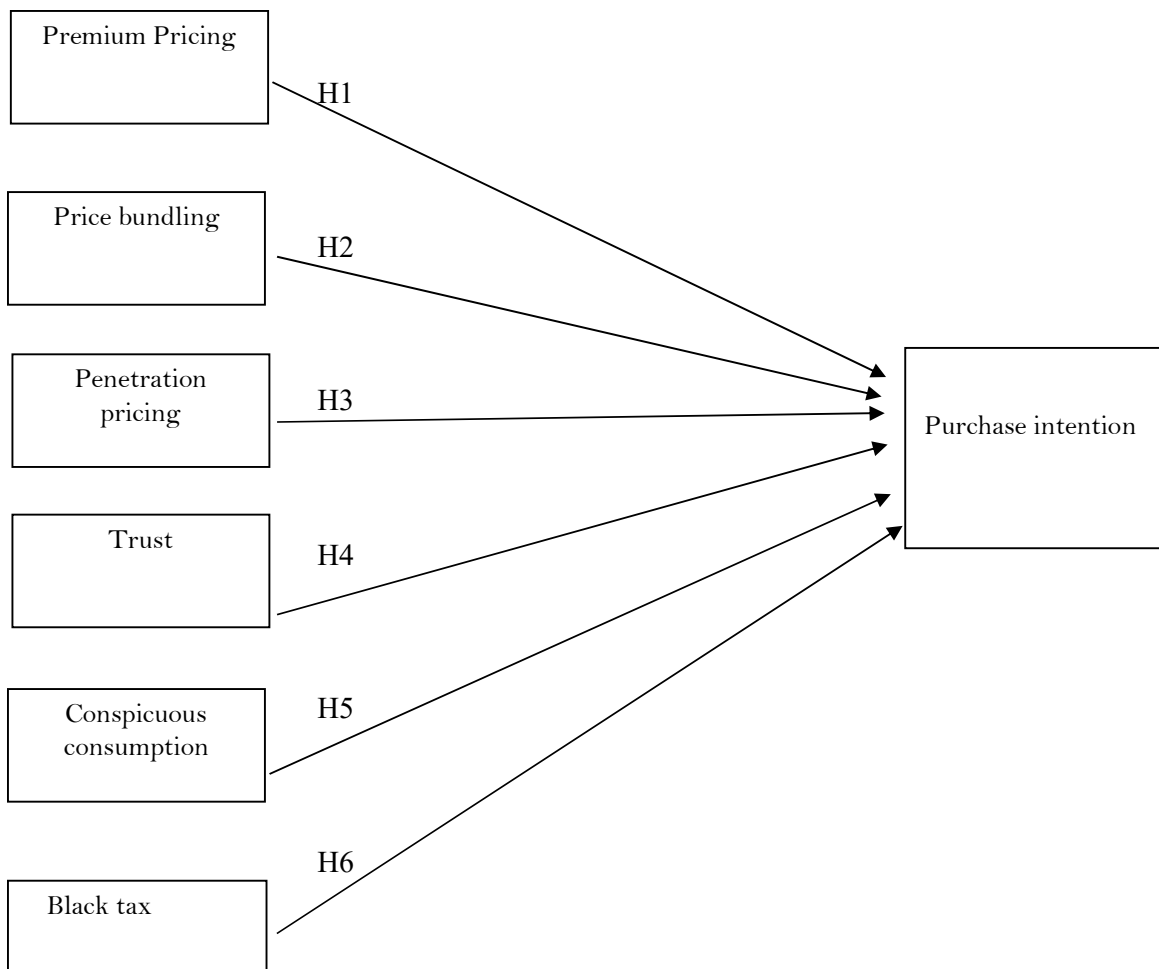
Nevertheless, multiple factors may lead to this likelihood not occurring. According to Ajzen (2020), these can include a lack of time, money, resource constraints, skills shortage, and numerous factors that may stop people from acting on their intentions. Three factors determine behavioural intention with TPB: firstly, the attitude towards the behaviour; secondly, the subjective norm concerning the behaviour and lastly, the perceived behavioural control (Ajzen,2020).

Concerning the first factor determining behavioural intention, Luengen, Mazerolle, and Antrobus (2022) asserted that TPB depended on an expectancy-value formation to define the formulation of attitude towards a behaviour. More clearly, an attitude towards the behaviour was presumed to be a function of readily accessible beliefs regarding the likely outcomes of that behaviour, which are referred to as behavioural beliefs. These behavioural beliefs are theorised to produce either a positive or negative attitude towards the behaviour (Chen & Tung, 2014). Concerning the second factor determining behavioural intention, Tiffany *et al.* (2022) distinguished between two normative beliefs, injunctive and descriptive. Injunctive normative beliefs are based on the expectation that a person's reference group approves or disapproves of executing the behaviour. While descriptive normative beliefs are based on whether significant others do themselves perform the behaviour in question. Both beliefs contributed to perceived social pressure to engage in the behaviour or subjective norm (Tiffany *et al.*, 2022).

Concerning the third factor determining behavioural intention, Wijayaningtyas, Handoko, and Hidayat (2019) stated that perceived behavioural control was presumed to be founded on accessible control beliefs. These beliefs involve the presence of control factors that can permit or hinder the performance of the behaviour. A control belief is an individual's subjective probability that a given enabling or hindering factor will be present in the situation of interest (Wijayaningtyas *et al.*, 2019). Therefore, TRA and TPB are essential in predicting the behaviour of consumers. At the same time, TPB is considered a better theory that predicts the behaviour of consumers and is used extensively in behaviour prediction (Rehman *et al.*, 2019). In line with TPB, this study proposed that the intention to perform the behaviour in question is the purchase intention of life insurance since purchase intention was the primary antecedent of purchase behaviour. Additionally, the control factors that permit or hinder the performance of the behaviour are the variables in this study premium pricing, price bundling, penetration pricing, trust, conspicuous consumption and Black tax.

## 2.5. Conceptual framework

Based on the literature review and theoretical overview above, this study proposed the following conceptual framework to study how the pricing constructs premium pricing, price bundling, penetration pricing, and trust could influence the purchase intention of life insurance within the South African Black middle-class populace. Furthermore, it is the negative influence conspicuous consumption and the Black tax could have on the purchase intention of life insurance. These are illustrated in *Figure 2.2*.



**Figure 2.2: Conceptual framework for this study**

**Source:** Adapted from Santo and Marques (2021); Chand and Fei (2021); Huber, Gatzert and Schmeiser (2015)

This study aimed to determine the impact of pricing and trust on the purchase intention of life insurance amongst the South African Black middle-class populace and to determine the influence of conspicuous consumption and Black tax on the purchase intention of life insurance within the same population group. Based on the review of the literature review and the theoretical framework presented above, the hypotheses for the study are summarised below. Where the price constructs premium pricing, price bundling, and penetration pricing along with trust positively influence the purchase intention of life insurance among middle-class Blacks in South Africa, and conspicuous consumption and Black tax negatively influence the purchase intention of life insurance among middle-class Blacks in South Africa.

## **2.6. Hypotheses development**

The following hypotheses were formulated based on the above conceptual model:

- H1 Premium pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.*
- H2 Price bundling positively influences the intention to purchase life insurance amongst the South African Black middle class.*
- H3 Penetration pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.*
- H4 Trust positively influences the intention to purchase life insurance amongst the South African Black middle class.*
- H5 Conspicuous consumption negatively influences the intention to purchase life insurance amongst the South African Black middle class.*
- H6 Black tax negatively influences the intention to purchase life insurance amongst the South African Black middle class.*

## **2.7. Chapter Summary**

This literature review focused on the importance of price through the pricing constructs premium pricing, price bundling, and penetration pricing in influencing the purchase intentions of life insurance amongst the South African Black middle-class populace; additionally, this literature review highlighted that price was a variable used by companies to influence buyer behaviour. In addition, the literature review showed the importance of trust towards building relationships and maintaining those relationships between companies and their customers. Moreover, the trust had a significantly positive impact on customers' intention to purchase, and it was an indicator that influenced consumers' purchase behaviour. This literature review also highlighted the possible negative influence of conspicuous consumption and Black tax on the intention to purchase life insurance within the South African Black middle-class populace; it also highlighted that conspicuous consumption was the most significant factor determining consumer behaviour. Lastly, this literature review highlighted that the theory underpinning this study was founded on TPB, which is a fundamental theory in predicting the behaviour of consumers.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1. Introduction

Chapter 3 in this report clarifies the methodology that underpinned this study. This chapter also clarifies the approaches followed to arrive at this research study's objectives and answers the research questions. Also included in this chapter is the research philosophy that supported this study, the research design, the data collection methods and the sampling methods applied in this study. This chapter also includes the presentation of the measurement instruments used, clarification on how data was analysed, and the ethical deliberations underpinning this study.

#### 3.2. Research philosophy

The research philosophy that underpinned this study is positivism. Lewis and Thornhill (2009) posited that positivism is grounded on the fact that only observable phenomena can produce credible data; furthermore, positivism is concerned with presenting facts rather than the researcher's impressions (Lewis & Thornhill, 2009). Bezuidenhout, Davis and Du Plooy-Cilliers (2014) further asserted that with positivism, researchers use existing theory to develop hypotheses. These hypotheses would then be tested and confirmed, in whole or part, or disproved. This is the case with this study, where the TPB was used to develop the hypotheses, which were then tested.

The positivism philosophy was pertinent towards answering the research questions and achieving the objectives. Additionally, positivism allowed for this research to be conducted in a value free-way, which meant that the researcher did not influence nor was influenced by the subject of the research, as argued by Lewis and Thornhill (2009). In line with the positivism philosophy, this was a quantitative study where the collected data was analysed using statistical analysis tools, as espoused by Bryman *et al.* (2014). This study was free from researcher bias and was based on examinable facts that align with positivism (Bryman *et al.*,2014).

### **3.3. Research approach**

This study adopted a deductive approach to test the correlation between research and theory, emphasising testing the TPB. Additionally, the deductive approach was chosen for this study since this study started from the TPB to derive the hypotheses; these hypotheses were then tested to arrive at the research outcomes; the steps followed were in line with the deductive approach, as espoused by Woiceshyn and Daellenbach (2018).

Quantitative research was chosen for this study based on the understanding that quantitative research allows a researcher to quantify the problem or research questions and establish the mechanisms through which one or more variables may affect another variable (Kevin & Robert, 2015). It was the same with this study, where the influence of price, trust, conspicuous consumption, and Black tax were measured against the purchase intention of life insurance. Furthermore, Bryman *et al.* (2014) posited that with a quantitative study, theory forms the basis for the definition of research questions and hypotheses and the specification of hypotheses is mainly founded in experimental and survey research.

### **3.4. Research design**

A research design is a strategy of how the scholar anticipates answering the research questions and includes how data was collected and analysed and aims to combine relevance to the research purpose (Saunders, Lewis, & Thornhill, 2016). The research design assisted in this study by providing a structure and a plan to ensure that the research questions were answered and the objectives of this study were achieved. In addition, a research design assisted in how data was collected, identifying the population sample for this study, research instruments used, validity and reliability measures for the study and the ethical considerations for this study.

Additionally, this was an exploratory study where primary data was used. Bezuidenhout *et al.* (2014) explained that exploratory study is ideal in two main instances: firstly, for gathering new information that has not been gathered before and secondly, for finding an explanation for a phenomenon. In other ways, exploratory study is concerned with answering questions such as why and how there is a relationship between different phenomena (Bezuidenhout *et al.*, 2014). The instances listed above for an exploratory study were consistent with this study's objectives of identifying the factors that impact the intention to purchase life insurance within the Black middle-class populace in South Africa, secondly, examining the influence of pricing and trust on the intention to purchase life insurance within the South African Black middle-class populace, thirdly, assessing the influence of conspicuous consumption and Black tax on the intention to purchase life insurance within the South African Black middle-class populace. Based on this explanation, this was an exploratory study.

### **3.5. Data collection methods**

In this study, a questionnaire was used to collect data. Three data variables can be collected through questionnaires: opinion, behaviour, and attribute variables. Each variable affects how research questions are asked (Saunders, Lewis & Thornhill, 2016). For example, the opinion variable concerns how respondents feel about something or what they think or believe is correct or incorrect (Saunders *et al.*, 2016). The behavioural variable encompasses data on the respondents' past, current, and future actions. Lastly, the attribute variable includes data about the characteristics of the respondents (Saunders *et al.*, 2016). Based on this understanding, the questionnaires for this study were designed based on the opinion variable.

Saunders *et al.* (2016) stated that designing questionnaires based on the respondents' opinions requires rating questions. The rating questions that are used primarily in conducting business research are the Likert-style rating scales. The Likert-style rating scales are designed to ask the respondents how strongly they agree or disagree with a statement or series of statements, usually on a four-, five-, six- or seven-point rating scale (Saunders *et al.*, 2016). Bouranta, Chitiris, and Paravantis (2009; p. 280) asserted that "literature suggests that a five-point scale appears to be less confusing and assists in increasing response rate." Based on this understanding, the five-point rating scale was used for this study.

Furthermore, Saunders *et al.* (2016) avowed that questionnaires work best with standardised questions that the researcher was confident would be interpreted the same way by all respondents. Therefore, as already explained, the questionnaire for this study was designed based on the opinion variable. In addition, the questionnaire included respondents' demographic data, which was the first section. Omair (2014) recommended that researchers acquire all the applicable background and demographic information from the respondents to confirm that they are the intended population group for the study. The second section of the questionnaire asked for the respondent's opinions on the influences of premium pricing, price bundling, penetration pricing, trust, conspicuous consumption, and Black tax on the intention to purchase life insurance within the South African Black middle-class population.

### **3.6. Population and sample**

#### **3.6.1. Population**

Bezuidenhout *et al.* (2014) defined a population as a group of people or objects which provide the information required for a research study. Therefore, the population sample for this research study was the middle-class Black population, with a monthly expenditure of between R3, 104 and R10, 387. Furthermore, this group comprised males and females earning between R16,000 and R 50,000 monthly. Zizzamia *et al.* (2016) revealed that the number of Blacks within the South African middle-class populace translated to four (4) million Blacks making up the South African middle-class population in 2014/15. In addition, the Unilever Institute for Strategic Marketing (2014) revealed that the middle-class Black population comprised approximately four million, two hundred thousand (4,200,000) individuals.

The Black middle-class report (2022) revealed that the middle-class Black population had three million eight hundred individuals (3,800,000). The targeted population group for this study were required to have purchased life insurance recently or intended to purchase it. The objective was to determine what factors influenced their purchase intention of life insurance. The magnitude of the middle-class Black population in South Africa is presented in Table 3.1 below.

**Table 3.1: Presentation of the size of the South African Black middle-class population**

Source	The magnitude of the middle-class Black population in South Africa
Zizzamia <i>et al.</i> (2016)	Four (4) million Blacks make up the South African middle-class population
Unilever Institute for Strategic Marketing (2014)	Four million, two hundred thousand (4,200,000) Blacks make up the South African middle-class population.
Black middle-class report (2022)	Three million eight (3,800,000) hundred Blacks comprise the South African middle-class population.

### 3.6.2. Sampling and sample size

The applicable sampling method for this study was non-probability sampling. Saunders *et al.* (2016, p. 315) stated that “non-probability sampling provides a range of alternative techniques to select samples, the majority of which include an element of subjective judgement.” A form of non-probability sampling used for this study was the snowball. This sampling method is called chain referral because it relies on referrals to enhance the sample size. In addition, participants recommend others who may wish to participate in the study and are the correct demographic that the study is targeting (Bryman *et al.*, 2014). According to Mangoma and Wilson-Prangle (2019), snowball samples do, however, have a risk of resemblance, predominantly with participants who self-select because they have similar interests.

Notwithstanding the limitations of the snowball sampling stated above, this sampling method was preferred for this study because the goal was to get as many respondents as possible to participate across South Africa. An ideal way of achieving this goal was through chain referrals. Therefore, electronic survey questionnaires were sent to individuals using chain referrals. The goal was to achieve a population sample of approximately 300 respondents.

A sum of 428 responses was returned through the Qualtrics system; from the 428 responses, 116 respondents earned above R50 000 a month (*the maximum earning range for middle-class classification for this study*), five respondents did not consent, and 96 were incomplete with essential data missing. Thus, 211 responses were retained and used for analysis for this study. This means that the response rate was 70%. According to Comrey and Lee (1992), a total of 211 respondents is considered good. Omair (2014) asserted that studies that require a margin of accuracy of around 10% would need a population of approximately 100 respondents; furthermore, studies that require a margin of accuracy of approximately 5% would need a population sample of about 400 respondents, in that way, a population sample of 10,000 would yield a margin of accuracy of approximately 1%. Based on this analysis, the researcher considered a population sample of 211 sufficient for this study.

### **3.7. The research instruments**

The questionnaire was loaded on the Qualtrics system and had two sections, namely: Section A and Section B

Section A included the demographic profile of the respondents, with ten questions.

Section B included the research questions wherein the following were measured:

- i.* Premium price was measured using 3 (three) questions on a 5-point Likert scale.
- ii.* Price bundling was measured using 6 (six) questions on a 5-point Likert scale.
- iii.* Penetration pricing was measured using 4 (four) questions on a 5-point Likert scale.
- iv.* Trust was measured using 4 (four) questions on a 5-point Likert scale.
- v.* Conspicuous consumption was measured using 4 (four) questions on a 5-point Likert scale.
- vi.* The black tax was measured using 3 (three) questions on a 5-point Likert scale.
- vii.* Purchase intention was measured using 7 (seven) questions on a 5-point Likert scale.

**Table 3.2: Table of the measures used for this study and their sources**

Construct measured	Literature source	Comment on instrument
Premium pricing	Ghaleb and Kaplan (2020)	The instrument had a Cronbach's Alpha of 0.7
Price bundling	Huber, Gatzert, and Schmeiser (2015)	The instrument had a Cronbach's Alpha of 0.8
Penetration pricing	Lee (2014)	The instrument had a Cronbach's Alpha of 0.7
Trust	Panigrahi, Azizan and Waris (2018)	The instrument had a Cronbach's Alpha of 0.7
Conspicuous consumption	Podoshen, Li and Zhang (2011)	The instrument had a Cronbach's Alpha of 0.8
Black tax	Mangoma and Wilson-Prangle (2019)	The instrument had a Cronbach's Alpha of 0.7

### 3.7.1. Measures used for the study

The premium pricing measures in this study were adapted from Ghaleb and Kaplan (2020). The price bundling measures in this study were adapted from Huber, Gatzert, and Schmeiser (2015). The penetration pricing measures were adapted from Lee (2014). The measures for trust in this study were adapted from Panigrahi, Azizan and Waris (2018). This study's measures for conspicuous consumption were adapted from Podoshen, Li and Zhang (2011). Lastly, the Black tax measures in this study were drawn from Mangoma and Wilson-Prangle (2019). Table 3.2. below are the measures used in the study and their source.

### 3.8. Data analysis and interpretation

After data collection, it was transferred from the Qualtrics system into an IBM SPSS Statistics package, where it was examined using IBM SPSS statistical software and the SAS IMB SPSS statistics software. This software was ideal for this study based on its ease of use, as espoused by Bryman *et al.* (2014). Furthermore, this study used correlation analysis to test the correlation of the variables; additionally, regression was deployed to test the influence of the independent variables on the dependent variable. Finally, correlation analysis was applied to quantify the level at which two variables were related without demonstrating a causal relationship, as espoused by Bryman *et al.* (2014).

### **3.9. Validity and reliability**

#### **3.9.1. Internal validity**

Cohen, Manion and Morrison (2018) stated that internal validity refers to the extent to which the results attained from the study demonstrated the actual causes or the existence of relationships. To ensure internal validity for this study, the questionnaire for this study was made concise, thereby reducing instrumentation threat to internal validity that may come about due to study participants getting bored or exhausted because of a lengthy questionnaire.

#### **3.9.2. External validity**

According to Cohen *et al.* (2018), external validity is the extent to which the study's findings may be considered representative of the larger population. The respondents for this study were 211, which can be generalised to the Black middle-class populace.

#### **3.9.3. Reliability**

According to Ghaleb and Kaplan (2020), reliability is the extent to which test results are devoid of measurement errors. Furthermore, reliability shows that the research instrument can be trusted to deliver similar outcomes when used on the same respondents after time had elapsed and if all the items measured similar constructs. Ghaleb and Kaplan (2020) further avowed that one way to assess reliability is by using Cronbach's Alpha test; this test can be relied upon to measure the internal consistency of a scale (Ghaleb & Kaplan, 2020). These scholars further posited that internal consistency explains the degree to which all the test items measured identical concepts/constructs. Cronbach's Alpha coefficients vary from 0 to 1, with higher values indicating that the scale is reliable; a coefficient of 0.7 or above is regarded as adequate (Ghaleb & Kaplan, 2020). The reliability measures for all variables in this investigation were above 0.7, indicating that the scales employed in this study were reliable and could be utilised to generate study results.

### **3.10. Ethical considerations**

Saunders *et al.* (2016) indicated that discussions about ethical principles in business research and how they may be transgressed could be classified into four main areas: firstly, if the research is detrimental to the respondents' well-being. Secondly, whether informed consent is absent; thirdly, whether the research invaded respondents' privacy and lastly, whether the study included deception. Before collecting data for this study, an ethics clearance was requested from the university, and it was issued with the following ethics protocol number: **WBS/SM1973651/103**. The researcher adhered to the stipulations contained therein. Furthermore, being granted ethical approval by the university confirmed that this research would not harm the participants, and the researcher ensured that would be the case by not coercing the participants to complete the questionnaire and ensuring that respondents' personal information was not required.

In addition, the researcher sought informed consent from the participants; this implies that participants were informed of the type of information that was required from them, why this information was required, what purpose this information would be used for, how participants were expected to participate in the study and how this study would affect them (Kumar, 2019). Furthermore, the participants were informed that they could only participate in this study willingly and opt out anytime. As already indicated, participants were not asked to share their personal information to maintain their confidentiality and privacy; these included their names, surnames, and identity numbers. Doing so ensured that this study does not disregard the Protection of Personal Information Act (POPIA) provisions. Data for this study was available to only the researcher, the appointed statistician, and the supervisor, and such data was stored securely online on a password-protected system; upon completion of this study, data were discarded.

### **3.11. Limitations of the study**

This study did not include all members of the middle-class Black population. The definition of the Black middle class adopted for this study was based on Blacks with a monthly expenditure ranging between R3,104 and R10,387 and those who earned between R16,000 and R 50,000 a month. However, to ensure the respondents understand, only the salary range of R16,000 and R 50,000 a month was included in the questionnaire. Furthermore, the population sample for this study did not obtain a more comprehensive sample across the nine (9) provinces within South Africa. The Black middle-class report (2022) revealed that 26% of the Black Middle class live outside urban areas; this represents a significant part of the population this study could not reach. In support of the point above, a total of 211 respondents were retained and used for analysis for this study which, according to Comrey and Lee (1992), is considered good; however, a sample size of 1000 respondents would be considered to be an ideal sample size (Comrey & Lee, 1992).

### **3.12. Chapter Summary**

This chapter detailed that quantitative research was selected for this study. Quantitative research was chosen for this study based on the understanding that quantitative research allows a researcher to quantify the problem or research questions and establish the mechanisms through which one or more variables may affect another variable; the pre-validate scales applicable to this study were conducted using quantitative research. Surveys using a questionnaire were used to collect data for this study. Surveys were ideal for gathering demographic information about the respondents and information about the respondent's attitudes and opinions, which was in line with this study's objectives. The sample for this research study was the middle-class Black population, with a monthly expenditure ranging between R3,104 and R10,387 or males and females who earned between R16,000 and R 50,000 a month. This study used non-probability sampling; a form of non-probability sampling in this study was the snowball. The snowball sampling technique was preferred for this study because the goal of this study was to get as many respondents as possible to participate across South Africa. Lastly, this study was conducted in adherence to strict ethical guidelines issued by the Wits Business School. Participation in this study was voluntary. Data for this study were stored securely online on a password-protected system with only the appointed statistician, the researcher, and the supervisor accessing this data.

## CHAPTER 4

### DATA PRESENTATION AND DISCUSSION OF FINDINGS

#### 4.1. Introduction

The fourth chapter in this report presents the outcomes from this study based on how data was gathered, prepared, and scrutinised using the SPSS software and implementing the methodologies illustrated in Chapter 3. The first part of this chapter details the respondents' descriptive profile and explains that for this study, a questionnaire was developed on the Qualtrics system and disseminated to respondents (*members of the public*) through WhatsApp messenger and LinkedIn; additionally, an email was sent to the Wits University community. The second section of this chapter discusses the results of this research study and confirms that the measurement scales utilised met the reliability and validity requirements. The final section of the chapter presents the outcomes concerning each tested hypothesis, along with a deduction affirming whether the research findings supported the hypotheses.

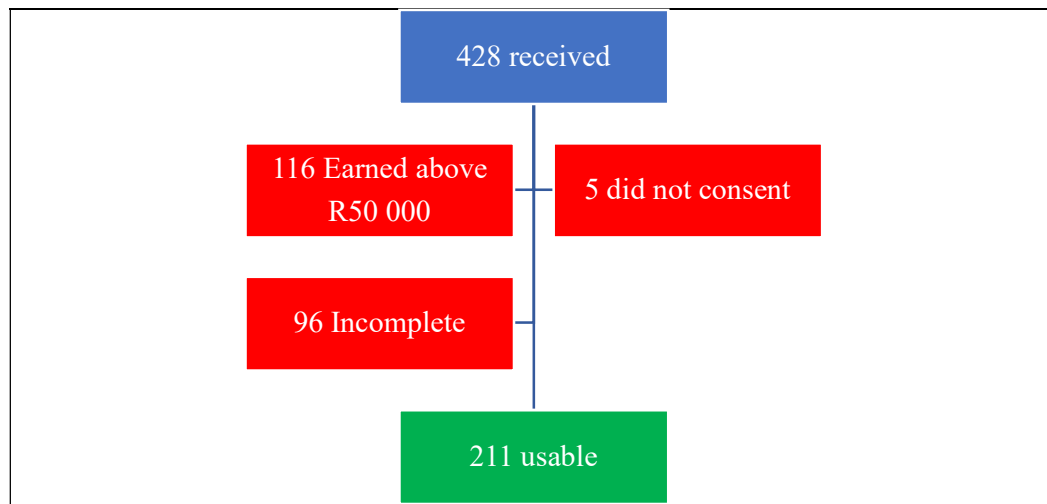
#### 4.2. Description of the data collection methods

This research study used a quantitative method for data collection, where a questionnaire was used to gather data from study respondents. This questionnaire comprised two sections. Section A included respondents' demographic details, and Section B included 31 questions. Respondents were asked to provide their opinions on factors influencing the purchase intention of life insurance on a five-point rating scale. The questionnaires were generated on the Qualtrics system, and this study's applicable sampling method was non-probability sampling. An online link with the questionnaire was sent to respondents via WhatsApp messenger, LinkedIn, and email to the Wits University Students. The researcher requested that the respondents share the link with as many family members, friends, associates and colleagues as possible. The respondents were informed that they were not obligated to participate in the study and were assured of the anonymity and confidentiality of their responses.

This research study was intended for the middle-class Black population in South Africa. To this effect, a qualifier question was included in the questionnaire to ensure that respondents were indeed African (Black) and natively born in Sub-Saharan Africa. Furthermore, a second qualifier question for respondents was included to ensure that the respondents met the middle-class classifications for this study: males and females who earned between R16,000 and R 50,000 a month, as explained by the Unilever Institute for Strategic Marketing (2014).

### 4.3. Data screening

A sum of 428 responses was received on the Qualtrics system; of the 428 responses, 116 respondents earned above R50 000 a month, five respondents did not consent, and 96 needed to be completed with essential data missing. Therefore, a sum of 211 responses was retained and used to analyse data for this study. *Figure 4.1* shows the usable population sample for this study.



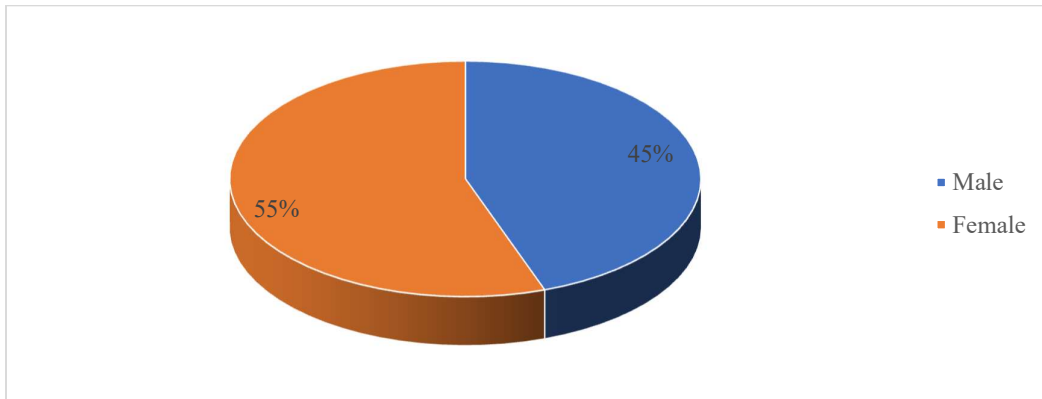
**Figure 4. 1: Usable sample for the study**

**Source: Analysis of the data collected for this study**

#### 4.4. Sample Characteristics

##### 4.4.1 Gender

Results illustrated in **Figure 4.2** below show that 55% of the respondents were female, while 45% were male.



**Figure 4.2: Respondent gender. Source: Data collected for this study**

##### 4.4.2 Age

The respondents were, on average,  $39.52 \pm 8.288$  years old with a range of (25,73). The outcomes are detailed in Table 4.1 below.

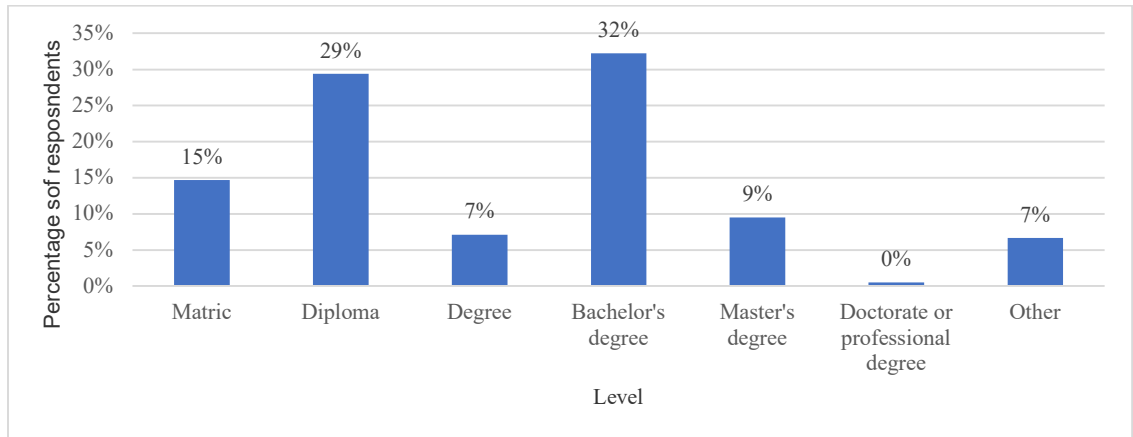
**Table 4.1: Respondent age**

	N	Minimum	Maximum	Mean	Std. Deviation
Age What is your age?	211	25	73	39.52	8.288

**Source: Analysis of the data collected for this study**

##### 4.4.3 Respondents' education level

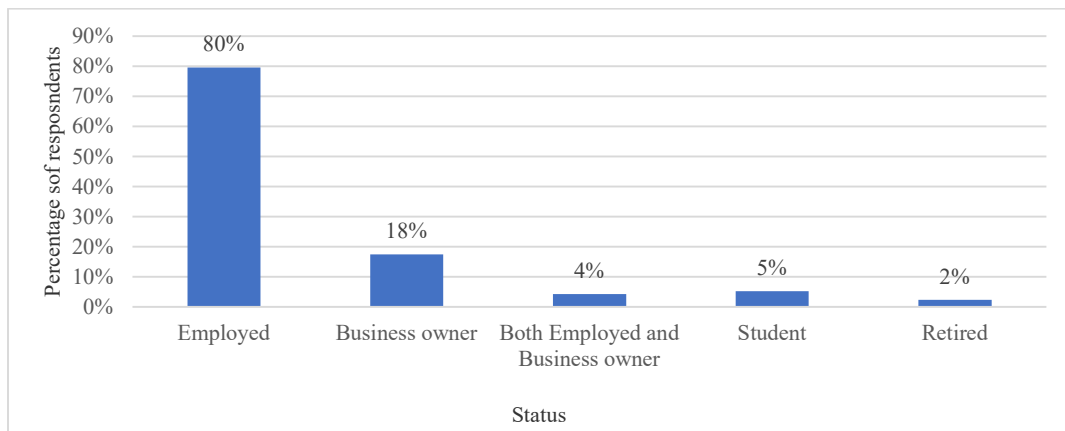
Nearly half of the study respondents (48%) had either a degree, a Bachelor's degree or a Master's degree, while 0% had a Doctorate. The results are presented in **Figure 4.3** below.



**Figure 4.3: Respondent level of education. Source: Analysis of the data collected for this study**

#### 4.4.4 Employment status

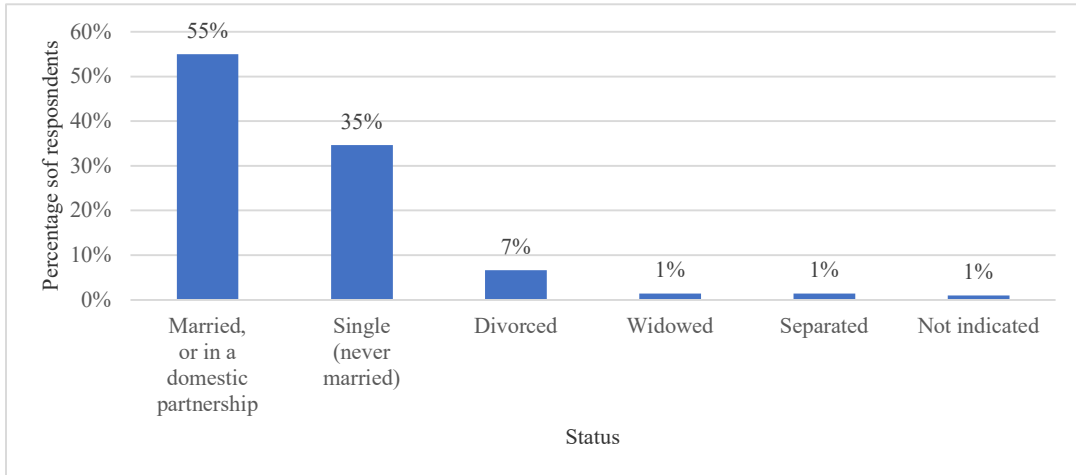
Most of the respondents were employed (80%), while 18% of the respondents were business owners, and 4% were both employed and also owned businesses. There were also students (5%) and retired respondents (2%). The results are illustrated in *Figure 4.4* below.



**Figure 4.4: Employment status. Source: Analysis of the data collected for this study**

#### 4.4.5 Marital status

It can be noted from *Figure 4.5* below that more than half of the respondents was married or in a domestic partnership (55%), while 35% were single or never married, and 7% were divorced. In comparison, 1% apiece were either widowed, separated or did not indicate their marital status.



**Figure 4.5: Marital status. Source: Analysis of the data collected for this study**

#### 4.4.6 Monthly salary

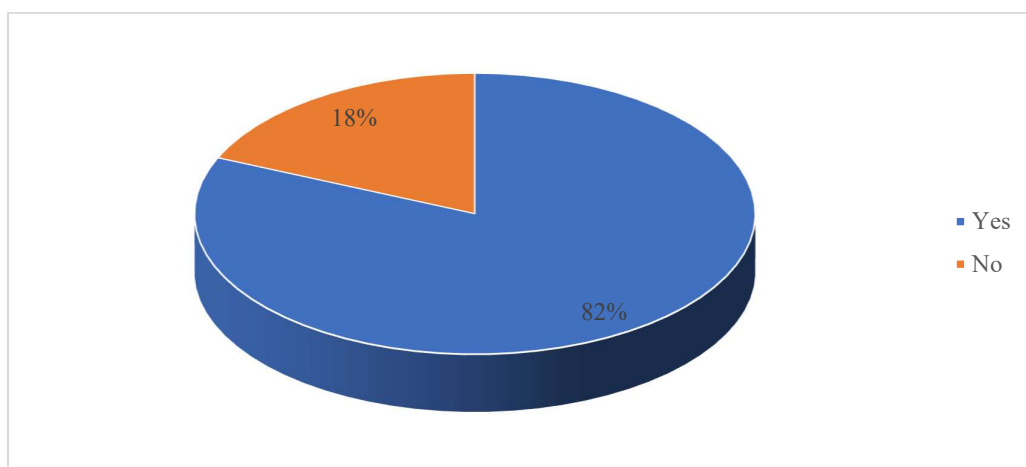
All the respondents in the sample had a monthly income which ranged between R16 000 and R50 000. A proportion of 32% earned between R16 000 and R23 000, while 21%, 20% and 26% earned R24 000 – R31 999, R32 000 – R39 999 and R40 000 – R50 000, respectively. The outcomes are shown in *Figure 4.6* below.



**Figure 4. 6: Monthly Salary.** Source: Analysis of the data collected for this study

#### 4.4.7 Life insurance

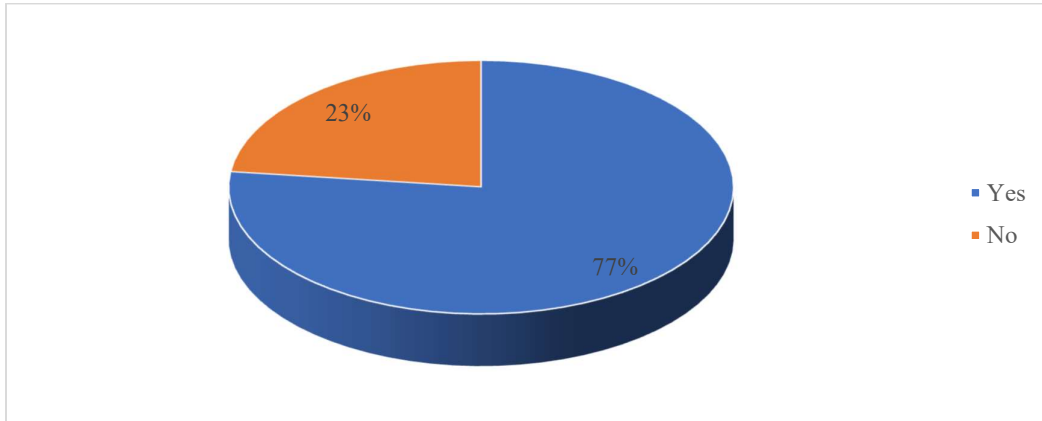
Most of the respondents in the sample had life insurance (82%); this verifies that most of the study’s respondents were acquainted with life insurance. While 18% did not have life insurance, as shown in **Figure 4.7** below.



**Figure 4.7: Have life insurance.** Source: Analysis of the data collected for this study

#### 4.4.8 Considering taking up Life insurance

Of the 39 respondents without life insurance, 77% considered purchasing it. The outcomes are shown in *Figure 4.8* below.



**Figure 4.8: Respondents with life insurance**

#### 4.5. Validity of the Constructs

##### 4.5.1 Validity for the Independent variables

Exploratory Factor analysis (EFA) with Principal Axis Factoring Extraction Method and ProMax rotation was conducted for all statements measuring the independent variables. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy value was 0.7, more than the allowed minimal value of at least 0.5. This implies that the sample size was suitable for implementing EFA. Furthermore, as demonstrated in Table 4.2 below, Bartlett's Test of Sphericity was substantial, with a p-value of 0.000. This implies that the correlation matrix was not an identity matrix, meaning the statements correlated strongly enough to enable EFA.

**Table 4.2: KMO and Bartlett's Test: Independent variables**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.777
Bartlett's Test of Sphericity	Approx. Chi-Square	2895.708
	df	276
	Sig.	.000

The items in Table 4.3 below were excluded from the factors because they either had factor loadings of less than 0.4 or loaded onto more than 1 factor.

**Table 4.3: Items excluded during EFA**

BT4_New_P13	Although I send money monthly to my immediate and extended family, I can still contribute towards my own life insurance needs.
BT5_New_P12	Financially supporting my immediate and extended family positively influences my intention to purchase life insurance.
CC6_New_P18	Making a statement to others is more important to me than life insurance.
CC5_New_P17	I prefer spending money on more material things like clothes, perfumes, cars, and fancy cell phones than life insurance.

The total variance explained, presented in Table 4.4 below, shows that the independent variables were grouped into seven factors, as indicated by factors with Eigenvalues of greater than 1. The retained factors explained 71.404% of the variation in the original statements.

**Table 4.4: Total Variance Explained: Independent variables**

Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	4.911	20.464	20.464	4.583	19.095	19.095	4.382
2	3.431	14.298	34.761	3.081	12.836	31.932	2.801
3	2.615	10.897	45.659	2.184	9.098	41.030	2.228
4	2.322	9.674	55.333	1.984	8.265	49.294	2.656
5	2.108	8.783	64.116	1.728	7.198	56.492	2.147
6	1.749	7.288	71.404	1.393	5.806	62.298	2.079
7	.963	4.010	75.415				
8	.684	2.851	78.265				
9	.619	2.577	80.843				
10	.543	2.262	83.105				
11	.507	2.111	85.216				
12	.490	2.043	87.259				
13	.418	1.741	89.000				
14	.389	1.621	90.621				
15	.363	1.513	92.134				
16	.322	1.340	93.474				
17	.293	1.223	94.696				
18	.251	1.047	95.743				

19	.237	.988	96.731				
20	.211	.881	97.612				
21	.174	.723	98.335				
22	.159	.663	98.998				
23	.143	.594	99.592				
24	.098	.408	100.000				
Extraction Method: Principal Axis Factoring.							
a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.							

Table 4.5 below presents the factor composition for the retained factors. Each item loaded highly into its factors, with the lowest factor loading being 0.580, indicating six valid independent constructs.

**Table 4.5: Pattern Matrix: Independent variables**

Factor	Items	Pattern Matrix					
		Factor					
		1	2	3	4	5	6
Price Bundling	PB4 My intention to purchase life insurance is influenced by paying for a bundle of products instead of paying for one product.	.855					
	PB2 I have a clear idea regarding which life insurance products I need.	.849					
	PB3 I have a clear idea about which features I need in a life insurance product policy.	.846					
	PB5 By paying for a bundled price, I feel that I am getting a good life insurance product for a reasonable price.	.810					
	PB6 Whenever I need to buy life insurance, it is very likely that I will consider a bundled price.	.809					
	PB1 I am well informed about life insurance products.	.769					
Conspicuous Consumption	CC3 Before buying life insurance, I must know what others think of people who use certain brands or products I am considering.		.865				
	CC1 Before purchasing life insurance, it is essential to know what my friends think of the different types of insurance products I am considering.		.820				
	CC2 Before purchasing life insurance, it is essential to know what kinds of people buy brands or products I am considering.		.792				
	CC4 Before buying life insurance, I must know what brands or products to buy to make a good impression on others.		.712				
Penetration Pricing	PeP1_R *If I bought lower-priced life insurance, I would be concerned that the financial investment I would make would not be wise.			.773			
	PeP2_R *Purchasing life insurance at a lower price would be a bad way to spend my money.			.745			
	PeP3 I will buy life insurance at a lower price, and I would save a lot of money.			.736			
	PeP4 Whenever I need to buy life insurance, it is very likely that I will consider Penetration pricing (lower price).			.665			
Trust	T2 I trust in the words and promises of my life insurance company.				.789		

	T3 Employees of my life insurance company must be able to fulfil obligations to me to increase my trust.							.744		
	T1 I am concerned about security while purchasing life insurance products.							.674		
	T4 I rely on life insurance products.							.664		
Black Tax	BT2 Members of my immediate and extended family expect me to send them more money than I can afford.							.957		
	BT1 I send money to my immediate and extended family (grandparents, aunts, uncles, cousins, and in-laws) monthly.							.721		
	BT3 Sending money monthly to my immediate and extended family is a burden.							.717		
Premium Price	PP5 The probability that I would consider life insurance products by using premium prices is high.							.923		
	PP4 Whenever I need to buy life insurance, it is very likely that I will consider a premium price (higher price).							.836		
	PP3 The price of life insurance would have to go up quite a bit before I would switch to other products like the funeral cover.							.580		
Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalization.										
a. Rotation converged in 6 iterations.										

An EFA was also carried out for the dependent variable. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy value was 0.856, higher than the required minimum of at least 0.5. This implies that the sample size was acceptable for testing EFA. Furthermore, Bartlett's Test of Sphericity was substantial, with a p-value of 0.000, as shown in Table 4.6 below. This confirms that the correlation matrix was not an identity matrix, implying that the statements are highly connected enough to allow EFA.

**Table 4.6: KMO and Bartlett's Test - Dependent variable**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.856
Bartlett's Test of Sphericity	Approx. Chi-Square	611.502
	df	21
	Sig.	.000

#### 4.5.2 Validity for the Dependent Variable

The dependent variable retained one factor, which explains 54.431% variation on the initial statements, as shown in Table 4.7 below; this indicates a valid construct for purchase intention.

**Table 4.7: Total Variance Explained - Dependent variable**

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.810	54.431	54.431	3.322	47.453	47.453
2	.899	12.841	67.272			
3	.712	10.178	77.451			
4	.510	7.286	84.737			
5	.460	6.568	91.305			
6	.346	4.944	96.248			
7	.263	3.752	100.000			
Extraction Method: Principal Axis Factoring.						

The four statements retained in the purchase intention factor had factor loadings greater than the required minimum value of 0.4. Therefore, the statements retained in the factor are presented in Table 4.8 below.

**Table 4.8: Factor Matrix - Dependent variable**

	Factor
	1
PI1, I intend to purchase life insurance products	.870
PI4 My willingness to purchase life insurance products is based on trust.	.777
PI5 The probability that I would consider life insurance products by using price bundling is high.	.683
PI6 Although I send money to my immediate and extended family, the probability that I would consider purchasing life insurance products is high.	.654
PI2 I am willing to pay % more for life insurance over other products.	.632
PI3 I am willing to pay more for life insurance than any other product.	.612
PI7 I would likely consider life insurance products using Penetration pricing (lower price).	.542
Extraction Method: Principal Axis Factoring.	
a. 1 factor extracted. 6 iterations required.	

#### 4.6 Reliability

To test for the reliability of the scales, Cronbach's Alpha was computed for each of the retained valid factors; the outcomes are presented in Table 4.9 below. This table shows that there was excellent reliability for Price Bundling (6 items,  $\alpha = 0.925$ ), good reliability for Black tax (3 items,  $\alpha = 0.840$ ), Conspicuous Consumption (4 items,  $\alpha = 0.872$ ), Premium Price (3 items,  $\alpha = 0.817$ ), Penetration Pricing (4 items,  $\alpha = 0.751$ ), Trust (4 items,  $\alpha = 0.805$ ), and Purchase Intention (7 items,  $\alpha = 0.857$ ). Because all of the Cronbach's Alpha values were greater than 0.7, composite scales for each construct were generated by averaging the items maintained in the valid and reliable constructs. These composite scales are the ones that were used for hypothesis testing.

**Table 4.9: Reliability of the scale**

Factor	Number of Items	Cronbach's Alpha	Level of Reliability
Price Bundling	6	.925	Excellent
Black Tax	3	.840	Good
Conspicuous Consumption	4	.872	Good
Premium Price	3	.817	Good
Penetration Pricing	4	.817	Good
Trust	4	.805	Good
Purchase Intention	7	.857	Good

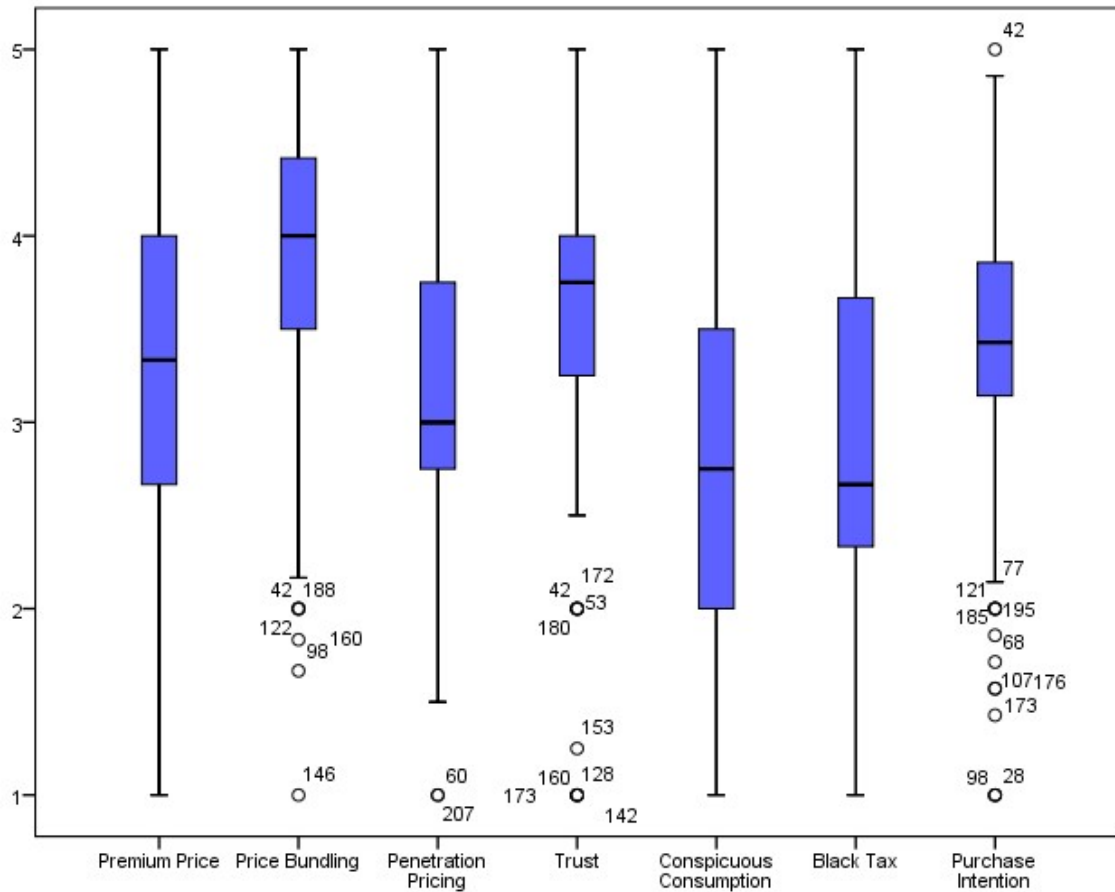
#### 4.7. Regression

Multiple regression with purchase intention as the dependent variable and each of Black tax, price bundling, penetration pricing, conspicuous Consumption, premium price, and trust as independent variables.

## 4.7.1 Regression Assumptions Diagnostics

### 4.7.1.1 Check for Outlier

Extreme outliers negatively impact the quality of the model. Box plots of the composite scales for all constructs were plotted to assess whether there were extreme outliers—results presented in Figure 4.9 below show that item 142 was an extreme outlier for Trust. Extreme outliers are indicated by an asterisk (\*) outside the whiskers on the boxplot. This was removed and replaced with the second smallest value, which was not an outlier. A replot of the box plots after replacing outliers is presented in Figure 4.9. It can be noted that the extreme outliers have been eliminated.



**Figure 4. 9: Box plot for outlier detection**

#### 4.7.1.2 Test for Linearity

One of the regression assumptions is that there should be a linear relationship between the dependent variable and each independent variable. This was tested using Pearson Correlation coefficients. The results presented in Table 4.10 showed that there was a correlation between Purchase Intention and each of Price Bundling ( $r = 0.236$ ,  $p\text{-value} < 0.05$ ), Penetration Pricing ( $r = 0.455$ ,  $p\text{-value} < 0.05$ ), and Trust ( $r = 0.234$ ,  $p\text{-value} < 0.05$ ) was positive and significant. While the correlation between Purchase Intention and each of Black Tax ( $r = 0.029$ ,  $p\text{-value} > 0.05$ ), Premium Price ( $r = 0.093$ ,  $p\text{-value} > 0.05$ ), and Conspicuous Consumption ( $r = -0.052$ ,  $p\text{-value} > 0.05$ ) were not significant since the  $p$ -values were higher than 0.05. The linearity assumption was met since all the correlations with Purchase Intention were non-zero. Table 4.10 below shows the descriptive statistics and Pearson's correlation.

**Table 4 10: Descriptive statistics and Pearson's correlation**

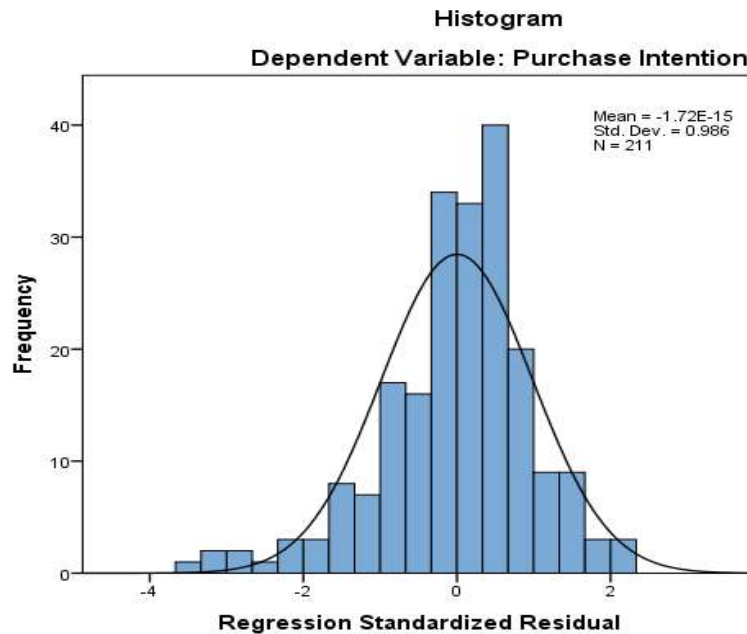
Construct	Descriptive Statistics		Pearson Correlation Coefficient						
	Mean	SD	1.	2.	3.	4.	5.	6.	7.
1. Premium Price	3.34	0.97	1						
2. Price Bundling	3.91	0.76	.045	1					
3. Penetration Pricing	3.18	0.82	.076	.058	1				
4. Trust	3.70	0.73	.129	.301*	.011	1			
5. Conspicuous Consumption	2.74	1.00	.153*	-.060	.039	.021	1		
6. Black Tax	2.94	0.99	-.012	.015	.041	.071	.190*	1	
7. Purchase Intention	3.43	0.71	.093	.236*	.455**	.234**	-.052	.029	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

#### 4.7.1.3 Test for Normality

Regression also assumes that the residuals are normally distributed. This assumption was tested by plotting the standardised regression residuals. The histogram in Figure 4.10 below shows that most bars are below the normal bell-shaped curve; this implies that the residuals approximate the normal distribution. This meant that the normality assumption was met.



**Figure 10: Histogram of standardised regression residuals. Source: Analysis of the data collected for this study**

#### 4.7.1.4 Test for Multicollinearity

It is also assumed that there is no multicollinearity, which infers that independent variables are not highly correlated to negatively impact the model’s quality. This is assessed using variance inflation factors (VIF). VIF factors less than ten (10) indicate that there is no problem of multicollinearity. Results presented in Table 4.11 below show that all the VIF values were below 10. This indicates that there is no problem with multicollinearity.

**Table 4.11: Multicollinearity**

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	1.022	.355		2.882	.004		
	Premium Price	.030	.045	.041	.675	.500	.953	1.049
	Price Bundling	.141	.059	.150	2.409	.017	.901	1.109
	Penetration Pricing	.384	.051	.444	7.469	.000	.989	1.011
	Trust	.175	.061	.180	2.871	.005	.891	1.123
	Conspicuous Consumption	-.051	.044	-.072	-1.178	.240	.934	1.070
	Black Tax	.007	.043	.009	.155	.877	.955	1.047

#### 4.7.1.5. Test for Homoscedastic

It is also assumed that there is homoscedasticity. A scatter plot of the standardised regression residuals against the regression standardised predicted values was done. The scatter plot presented in Figure 4.11 below indicates that there was no heteroscedastic, as the residuals were scattered randomly around zero. Thus, the homoscedasticity assumption was met.

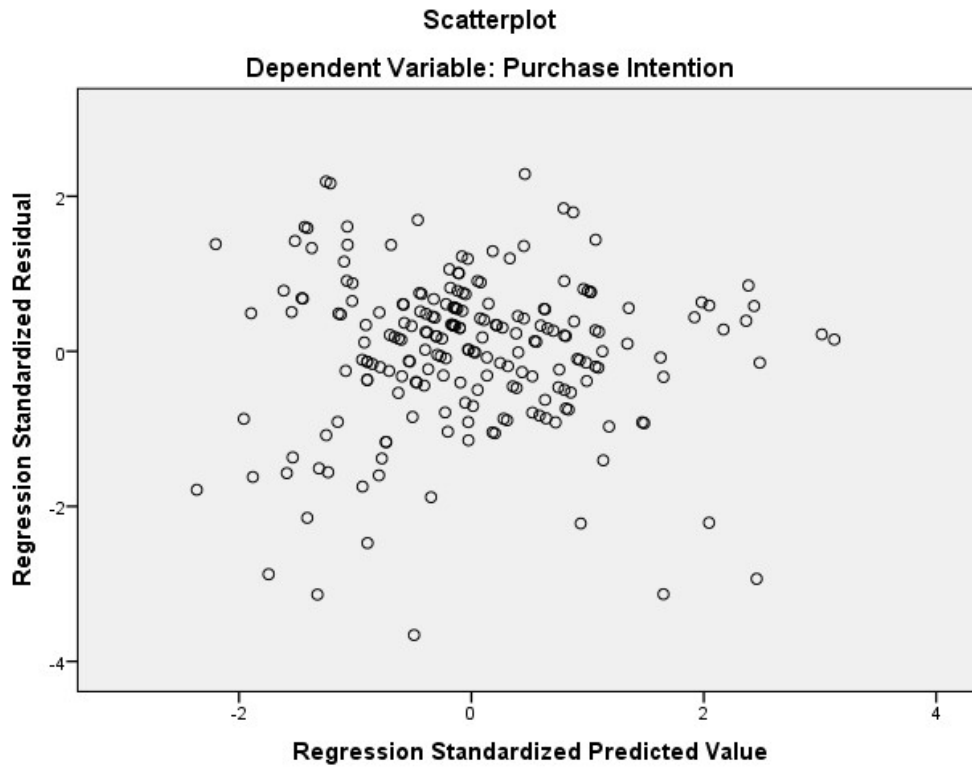


Figure 4.11: Scatter plot of residuals against predicted values

#### 4.7.2 Regression results

Table 4.12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.536 <sup>a</sup>	.288	.267	.611	.528
a. Predictors: (Constant), Black Tax, Price Bundling, Penetration Pricing, Conspicuous Consumption, Premium Price, Trust					
b. Dependent Variable: Purchase Intention					

The model summary in Table 4.13 below indicates that Black tax, price bundling, penetration pricing, conspicuous Consumption, premium price, and trust explains 28.8% of the variation in purchase intention. This is indicated by an r-square of 0.288.

**Table 4.13: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.776	6	5.129	13.724	.000 <sup>b</sup>
	Residual	76.243	204	.374		
	Total	107.019	210			
a. Dependent Variable: Purchase Intention						
b. Predictors: (Constant), Black Tax, Price Bundling, Penetration Pricing, Conspicuous Consumption, Premium Price, Trust						

The ANOVA results in Table 4.13 indicate that a model with Black tax, price bundling, penetration pricing, conspicuous Consumption, premium price, and trust significantly predicted the purchase intent. This is demonstrated by a p-value less than 0.05 (p-value = 0.000).

#### 4.7.3 Regression Coefficients

Regression coefficients presented in Table 4.14 below show that Penetration pricing ( $\beta = 0.150$ , t-value = 2.613, p-value = 0.010) and Conspicuous Consumption ( $\beta = 0.600$ , t-value = 10.932, p-value = 0.000) were significant in predicting Purchase Intention. On the other hand, Premium Price ( $\beta = -0.065$ , t-value = -1.129, p-value = 0.260), Price bundling ( $\beta = 0.024$ , t-value = 0.405, p-value = 0.686), Trust ( $\beta = 0.036$ , t-value = 0.620, p-value = 0.536), and ( $\beta = 0.066$ , t-value = 1.188, p-value = 0.236) were not significant in predicting Purchase Intention. The results for the contribution of each independent variable are presented in Table 4.14 below.

**Table 4.14: Regression Coefficients**

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
	1	(Constant)	1.022	.355		2.882	.004	
	Premium Price	.030	.045	.041	.675	.500	.953	1.049
	Price Bundling	.141	.059	.150	2.409	.017	.901	1.109
	Penetration Pricing	.384	.051	.444	7.469	.000	.989	1.011
	Trust	.175	.061	.180	2.871	.005	.891	1.123
	Conspicuous Consumption	-.051	.044	-.072	-1.178	.240	.934	1.070
	Black Tax	.007	.043	.009	.155	.877	.955	1.047

a. Dependent Variable: Purchase Intention

#### 4.8. Hypotheses testing

**Results of hypothesis 1 (H1): Premium pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.**

The results presented in Table 4.14 above reveal that premium price ( $\beta = 0.041$ , t-value = 0.675, p-value = 0.500) was insignificant in influencing the intention to purchase life insurance amongst the South African Black middle class. The result was insignificant because the p-value exceeded 0.05. This infers that hypothesis H1 was not supported and that there was insufficient evidence at a 5% significance level to suggest that premium pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.

**Results of hypothesis 2 (H2): Price bundling positively influences the intention to purchase life insurance amongst the South African Black middle class.**

The results presented in Table 4.14 above confirm that price bundling ( $\beta = 0.150$ , t-value = 2.409, p-value = 0.017) positively influences the intention to purchase life insurance amongst the South African Black middle class. The influence was positive because the coefficient exceeded zero. Furthermore, it was significant because the p-value was less than 0.05. This infers that hypothesis H2 was supported. Based on these findings, price bundling positively influences the intention to purchase life insurance amongst the South African Black middle class.

**Results of hypothesis 3 (H3): Penetration pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.**

The results presented in Table 4.14 show that penetration pricing ( $\beta = 0.444$ , t-value = 7.469, p-value = 0.000) positively influences the intention to purchase life insurance amongst the South African Black middle class. The influence was positive because the coefficient was greater than zero. Furthermore, it was significant since the p-value was less than 0.05. This infers that hypothesis H3 was supported. Based on these findings, penetration pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.

**Results of hypothesis 4 (H4): Trust positively influences the intention to purchase life insurance amongst the South African Black middle class.**

It can be noted from Table 4.14 above that Trust ( $\beta = 0.180$ , t-value = 2.871, p-value = 0.005) positively influences the intention to purchase life insurance amongst the South African Black middle class. The influence was positive because the coefficient was higher than zero. Furthermore, it was significant since the p-value was less than 0.05. This infers that hypothesis H4 was supported. Based on these findings, trust positively influences the intention to purchase life insurance amongst the South African Black middle class.

**Results of hypothesis 5 (H5): Conspicuous Consumption negatively influences the intention to purchase life insurance amongst the South African Black middle class.**

The results presented in Table 4.14 showed that although Conspicuous Consumption ( $\beta = -0.0072$ , t-value = -1.178, p-value = 0.240) negatively influences the intention to purchase life insurance amongst the South African Black middle class, the effect was not significant at 0.05 significance level. The result was insignificant, as the p-value was higher than 0.05. This infers that there was insufficient evidence at a 5% significance level to conclusively suggest that conspicuous Consumption negatively influences the intention to purchase life insurance amongst the South African Black middle class.

**Results of hypothesis 6 (H6): Black tax negatively influences the intention to purchase life insurance amongst the South African Black middle class.**

The results presented in Table 4.14 showed that the Black tax ( $\beta = 0.009$ , t-value = 0.155, p-value = 0.877) was insignificant in influencing the purchase intention of life insurance among the Black middle class in South Africa. Furthermore, the result was insignificant since the p-value was higher than 0.05. This infers that there was no sufficient evidence at a 5% significance level to suggest that the Black tax negatively influences the intention to purchase life insurance amongst the South African Black middle class. Table 4.15 below presents the summary of the results from the hypotheses testing.

**Table 4.15: Comparison of literature review and findings from the study**

<b>Objective of study</b>	<b>Hypotheses #</b>	<b>Hypothesis</b>	<b>Study Findings</b>
The influence of pricing and trust on the purchase of life insurance	1	Premium pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.	Not supported
The influence of pricing and trust on the purchase of life insurance	2	Price bundling positively influences the intention to purchase life insurance amongst the South African Black middle class.	Supported
The influence of pricing and trust on the purchase of life insurance	3	Penetration pricing positively influences the intention to purchase life insurance amongst the South African Black middle class.	Supported
The influence of pricing and trust on the purchase of life insurance	4	Trust positively influences the intention to purchase life insurance amongst the South African Black middle class.	Supported
The influence of conspicuous Consumption and Black tax on the purchase intention of life insurance	5	Conspicuous Consumption negatively influences the intention to purchase life insurance amongst the South African Black middle class.	Not conclusively supported
The influence of conspicuous Consumption and Black tax on the purchase intention of life insurance	6	Black tax negatively influences the intention to purchase life insurance amongst the South African Black middle class.	Not supported

#### **4.9 Summary**

This research study was intended for the South African Black middle-class populace members who classify themselves as African (Black) and natively born in Sub-Saharan Africa. A set of qualifier questions for this study was applied to ensure that respondents were indeed the correct criteria for this study; 211 responses were retained from 428 respondents received, which were used for analysis. The respondents were, on average,  $39.52 \pm 8.288$  years old. The results from testing the hypotheses showed that price bundling, penetration pricing and trust positively influenced the intention to purchase life insurance amongst the South African Black middle class. However, the results further show insufficient evidence to support the positive influence of premium pricing on the intention to purchase life insurance. These results also highlighted that although Conspicuous Consumption negatively influences the intention to purchase life insurance amongst the South African Black middle class, the effect was insignificant at a 5% significance level. Furthermore, there was insufficient evidence at a 5% significance level to conclusively suggest that the Black tax negatively influences the intention to purchase life insurance amongst the South African Black middle class.

## CHAPTER 5

### DISCUSSION OF FINDINGS

#### 5.1 Introduction

This chapter goes through the outcomes of this study that were clarified in Chapter 4. To achieve this, this section of the research report discusses the relationship between the objectives of this study and the literature review presented in Chapter 2 and the study's results. This chapter also provides the study results based on the stated objectives.

#### 5.2 Discussion of findings

##### 5.2.1 Discussion of findings concerning Hypothesis 1:

The objectives of this study concerning *hypothesis 1* were to examine the influence of pricing (*Premium price*) on the intention to purchase life insurance amongst the South African Black middle class. The outcome indicated insufficient evidence at a 5% significance level to suggest that premium pricing positively influences the intention to purchase life insurance amongst the South African Black middle class. This meant that H1 was not supported. The results differed from a study by Suha and Sharif (2018), which revealed that premium prices positively influenced consumers' purchase intention.

Given that this study indicated that the South African economy grew at only 1% (Black middle-class report, 2022) and that South African consumers were price sensitive owing to macroeconomic factors impacting them. In addition, the Association for Savings and Investment South Africa (2022) revealed that most of the country's economically active people reluctantly purchased life insurance products, as there were no immediate returns on investments. Therefore, based on the prevailing macroeconomic factors in South Africa, there may be better options than paying a premium price for life insurance. Given the factors mentioned above, the current study's results on the influence of premium pricing on the purchase intention of life insurance are understandable.

### **5.2.2 Discussion of findings concerning Hypothesis 2:**

The objectives of this study relating to *hypothesis 2* were to examine the influence of pricing (Price bundling) on the intention to purchase life insurance among the middle-class Black population in South Africa. This study revealed that price bundling positively and significantly influenced the intention to purchase life insurance amongst the South African Black middle class. This meant that H2 was supported. These findings were consistent with the results from a study by Spann *et al.* (2015) which revealed that price bundling led to customers' willingness to recommend a product/ service and purchase intention. These findings also confirm that price bundling benefits consumers by increasing their savings because it is more cost-effective for them to purchase the items as a bundle instead of purchasing them separately (Dominique-Ferreira & Antunes, 2019).

### **5.2.3 Discussion of findings concerning Hypothesis 3:**

The objectives of this study relating to *hypothesis 3* were to examine the influence of pricing (penetration pricing) on the intention to purchase life insurance among the middle-class Black population in South Africa. The results from this study revealed that penetration pricing had a positive and significant influence on the intention to purchase life insurance among the middle-class Black population in South Africa. This meant that H3 was supported. These findings were consistent with the study by Ali and Anwar (2021), which revealed that penetration pricing positively influenced consumer behaviour. In addition, these findings were consistent with the study by Lee (2014), which revealed that penetration pricing strategy reduced customers' financial risk and increased customer-perceived value, ultimately increasing customer purchase intention.

### **5.2.4 Discussion of findings concerning Hypothesis 4:**

The objectives of this study relating to *hypothesis 4* were to examine the influence of trust on the intention to purchase life insurance amongst the middle-class Black population in South Africa. The results from this study revealed that trust had a positive and significant influence on the intention to purchase life insurance amongst the South African Black middle class. This meant that H4 was supported.

These findings substantiated a study by Rehman *et al.* (2019) which revealed that trust was an indicator that influenced consumers' purchase behaviour. In addition, Broeder and Schouten (2022) also highlighted that trust and purchase intention were linked, which inferred that when customers trusted in the seller and their actions, they were more likely to make a purchase decision. This study also confirmed the findings by Think *et al.* (2019), which showed that trust assisted customers in overcoming risk perceptions and doubts in using and accepting products they purchase and that trust gave customers a sense of safety and assurance in their transactions.

### **5.2.5 Discussion of findings concerning Hypothesis 5:**

The objectives of this study concerning *hypothesis 5* were to assess the influence of conspicuous consumption on the purchase intention of life insurance amongst the middle-class Black population in South Africa. The results from this study revealed that although conspicuous consumption negatively influenced the purchase intention of life insurance among the Black middle class in South Africa, there was no significant evidence to support this negative influence. This meant that H5 was supported, although not conclusively.

These findings differed from those from Burger *et al.* (2015), which showed that conspicuous consumption was more concerned with status consumption and signalling wealth than building wealth and protecting this wealth. Conspicuous consumption also crowded out future investments. The findings from this study were also different from the study by Charles *et al.* (2009), which showed that less expenditure was focused on education and healthcare by focusing on conspicuous consumption. However, these findings highlighted that conspicuous consumption negatively influenced the purchase intention of life insurance, which is what Burger *et al.* (2015) indicated.

### **5.2.6 Discussion of findings concerning Hypothesis 6:**

The objectives of this study concerning *hypothesis 6* were to assess the influence of the Black tax on the intention to purchase life insurance amongst the South African Black middle class. However, this study's results revealed insufficient evidence at a 5% significance level to conclusively suggest that the Black tax negatively influenced the intention to purchase life insurance amongst the South African Black middle class. This meant that H6 was not supported.

These findings were inconsistent with a study by Mangoma and Wilson-Prangley (2019) which showed that the Black tax was a financial burden to the Black middle-class population. However, considering that some of the contributions towards Black tax made by members of the Black middle class went towards funding education and the basic needs of immediate and extended family members (Mangoma & Wilson-Prangley, 2019), the findings from this study on H6 are not surprising. In addition, Fongwa (2019) asserted that while the Black tax had a threat of misuse and exploitation by others, it allowed members of the Black middle class to transfer the gains from their academic achievements and increased earnings beyond the territory of a private good to include families, clans, and society which makes Black tax beneficial to the general public.

### **5.3. Discussion of findings concerning the research objectives**

#### **5.3.1. Objective 1: To identify the factors that influence the purchase intention of life insurance amongst the Black middle class in South Africa.**

Given the outcomes from this study, the factors influencing the purchase intention of life insurance amongst the middle-class Black population in South Africa are price, through the pricing constructs, price bundling and penetration pricing. In addition, this study showed that trust positively and significantly influenced the purchase intention of life insurance among the middle-class Black population in South Africa.

The outcomes were consistent with Gousgounis and Neubert (2020), who stated that price influenced consumer purchasing intention and that there was a strong link between price and purchase intention. In addition, the price was a primary factor influencing purchasing decisions (Gousgounis & Neubert, 2020). Furthermore, these findings were consistent with Rehman *et al.* (2019), who found that trust significantly and positively influenced purchase intention.

The above findings showed that South African life insurance companies need to consider their pricing strategies and use price bundling and penetration pricing strategies to grow within the Black middle-class population. Furthermore, South African life insurance companies need to focus on building trust with the Black middle-class populace to grow within this population segment.

**5.3.2. Objective 2: To examine the influence of pricing and trust on the purchase of life insurance amongst the Black middle class in South Africa.**

This report showed that pricing and trust positively influenced the purchase intention of life insurance amongst the Black middle class in South Africa. However, this was limited to the pricing constructs, price bundling and penetration pricing.

The findings above showed the importance of the new product pricing and the product line pricing strategies in influencing the purchase intention of life insurance within the Black middle-class populace. This study shows that purchase intention transformed intention into actual purchase behaviour. This study also showed that for South African life insurance companies to influence the purchase behaviour of the Black middle class, they would have to build trust within this group of current and future customers.

**5.3.3. Objective 3: To assess the influence of conspicuous consumption and Black tax on the purchase intention of life insurance amongst the Black middle class in South Africa.**

The results from this study revealed that conspicuous consumption negatively influenced the purchase intention of life insurance among the middle-class Black population in South Africa. However, there was no significant evidence to support this negative influence. In addition, this study showed insufficient evidence to suggest that the Black tax negatively influenced the purchase intention of life insurance among the middle-class Black population in South Africa.

However, literature also showed that the Black middle class signalled wealth by spending between 30% and 50% more on visible consumption goods and services than their White counterparts. Furthermore, literature also showed that the Black tax was associated with diminished growth and sustainability of the Black middle class and posed a menace towards the economic emancipation of this population group. These negative associations of conspicuous consumption and the Black tax can negatively influence the growth of the life insurance sector within the Black middle class.

#### **5.4. Linking the theoretical framework to study findings**

This study linked the factors that influence the purchase intention of life insurance to the TPB. Pan and Liu (2022) argued that the immediate precursor of behaviour with TPB is the intention to perform the behaviour in question. Nevertheless, multiple factors may lead to this likelihood not occurring; according to Ajzen (2020), these factors can include lack of time, money, resource constraints, skills shortage, and many factors that may stop people from acting on their intentions. This study linked the variables underpinning this study (premium pricing, price bundling, penetration pricing, trust, conspicuous consumption and Black tax) to the perceived behavioural control, which is presumed to be founded on accessible control beliefs (Wijyaningtyas *et al.*, 2019).

The control beliefs stated above involve control factors that can permit or hinder the performance of the behaviour (Ajzen, 2020). A control belief was defined as an individual's subjective probability that a given enabling or hindering factor will be present in the situation of interest. Ajzen (2020, p.315) revealed that "each control belief contributes to perceived behavioural control in interaction with the factor's perceived power to facilitate or impede the performance of the behaviour." Based on the findings from this study, price bundling, penetration pricing, and trust facilitated the performance of the purchase behaviour. Conspicuous consumption impeded the performance of the purchase behaviour, although not significantly.

## **5.5. Chapter Summary**

This study confirmed that the factors influencing the purchase intention of life insurance among the middle-class Black population in South Africa were price, through the pricing constructs price bundling, penetration pricing and trust. While premium pricing was expected to positively influence the intention to purchase life insurance, this study showed insufficient evidence to reach that conclusion. This study also showed the importance of trust in influencing the purchase intention of life insurance amongst the Black middle-class populace. Finally, this study showed that conspicuous consumption negatively influenced the purchase intention of life insurance. However, there was no significant evidence to support this negative influence. At the same time, the Black tax had no negative influence on the purchase intention of life insurance amongst the Black middle class in South Africa.

## CHAPTER 6

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.1 Introduction

This chapter is the conclusion to this study and provides answers to the research questions posed in this study. This chapter also provides recommendations to South African life insurance companies on applying price bundling, penetration pricing, and trust to capture the South African Black middle-class populace as customers. Lastly, this chapter provides directions for future research.

#### 6.2. Conclusions based on the research questions

##### 6.2.1. What factors influence the purchase intention of life insurance amongst the South African Black middle class?

This study sought to identify the factors influencing the intention to purchase life insurance amongst the middle-class Black population in South Africa. The starting point was clarifying which factors influence the purchase intention of life insurance amongst the middle-class Black population in South Africa. This study showed that the pricing constructs price bundling ( $\beta = 0.150$ ,  $t\text{-value} = 2.409$ ,  $p\text{-value} = 0.017$ ), penetration pricing ( $\beta = 0.444$ ,  $t\text{-value} = 7.469$ ,  $p\text{-value} = 0.000$ ) and trust ( $\beta = 0.180$ ,  $t\text{-value} = 2.871$ ,  $p\text{-value} = 0.005$ ) had a positive and significant influence on purchase intention of life insurance among the South Africa Black middle class. This means that the factors influencing the purchase intention of life insurance amongst the South African Black middle class are pricing constructs, price bundling and penetration price, and trust.

### **6.2.2. Does pricing and trust influence the purchase intention of life insurance among the Black middle class in South Africa?**

The determinations from this study showed that price, through the constructs of price bundling and penetration pricing, and trust influence the purchase intention on life insurance amongst the middle-class Black population in South Africa. The influence for all three was significant since the p-value was less than 0.05.

### **6.2.3. What is the influence of conspicuous consumption and Black tax on the purchasing intentions of life insurance amongst the Black middle class in South Africa?**

This study's determinations revealed that although conspicuous consumption ( $\beta = -0.0072$ , t-value = -1.178, p-value = 0.240) negatively influenced the purchase intention of life insurance among the middle-class Black population in South Africa, there was no significant evidence to support this negative influence. In addition, the Black tax ( $\beta = 0.009$ , t-value = 0.155, p-value = 0.877) did not significantly influence the purchase intention of life insurance among the middle-class Black population in South Africa.

## **6.3. Recommendations**

### **6.3.1. Recommendations based on the first research question**

#### **What factors influence the purchase intention of life insurance amongst the South African Black middle class?**

Based on the first research question, the recommendation is for management teams in South African life insurance companies to revise their pricing strategies and consider using price bundling and penetration pricing strategies to grow within the middle-class Black population. Furthermore, South African life insurance companies need to focus on building trust with the middle-class Black population to grow their market share within this population segment.

By implementing these recommendations, South African life insurance companies can improve the weak South African economy by creating high and low-skilled employment opportunities, as espoused by Tyson (2015). This is important in light of the unemployment rate in South Africa, which is currently at 32,9% (Statistics South Africa, 2022). Furthermore, implementing these recommendations will help South African life insurance companies reduce the insurance gap estimated to be R34.3 trillion by the Association for Savings and Investment South Africa (2022).

### **6.3.2. Recommendations based on the second research question**

#### **What factors influence the purchase intention of life insurance amongst the South African Black middle class?**

The Black middle-class report (2022) revealed that the Black middle class had a spending power of R400 billion. A recommendation to management teams in South African life insurance companies to capture a share of that spending is to adjust their prices and base their pricing strategies on price bundling and penetration price. Arfa and Benrached (2021) posited that price was a variable used by companies to influence buyer behaviour; this is imperative since the primary objective for most companies is managing costs and maximising profitability (Criveanu & Popescu, 2018). This infers that price cannot be ignored for life insurance companies to grow within the Black middle-class populace, and the pricing strategies that can assist in this are price bundling and penetration pricing.

Rehman *et al.* (2019) posited that trust was an indicator that influenced consumers' purchase behaviour. Therefore, a recommendation to management teams in South African life insurance companies to grow their market share within the middle-class Black population in South Africa is to focus their attention towards building trust with this population group. This can be done by first focusing on building benevolence-based trust (integrity-based trust) based on a customer's confidence that an organisation sincerely cares about society's well-being and welfare (Fatma *et al.*, 2015). Secondly is for South African life insurance companies to focus on performance-based trust (competence-based trust), which is trust a customer has in the skills and knowledge of a company to provide superior products/services and their capability to execute business functions in line with the expectations of the customers (Fatma *et al.*, 2015).

### **6.3.3. Recommendations based on the third research question**

#### **What is the influence of conspicuous consumption and Black tax on the purchasing intentions of life insurance amongst the Black middle class in South Africa?**

A recommendation to management teams in South African life insurance companies regarding the influence of conspicuous consumption is that even though evidence shows that conspicuous consumption crowds out future investments (Burger *et al.*, 2015). It is noteworthy to consider that conspicuous consumption is also a situation where consumer preferences are determined by their social needs, primarily the feeling of prestige, and where an individual displays wealth through luxury expenditures on consumption and services (Podoshen *et al.*, 2014). It is therefore recommended that life insurance companies use the social needs of customers associated with conspicuous consumption to increase the sales of life insurance amongst the Black middle-class populace. Life insurance companies can consider marketing campaigns that focus on the behaviours of reference group members to drive up the purchase intention of life insurance using conspicuous consumption. This recommendation is made because conspicuous consumption is relative, and a person's status is socially contingent relative to other persons within the reference group.

Regarding the influence of the Black tax, a recommendation for life insurance companies is to use the negative associations related to the Black tax to capture the middle-class Black population. Magubane (2016) explained that the Black tax was the process through which members of the Black middle class used a substantial amount of their wages and investments to sustain the livelihoods of their impoverished family members. It is also crucial for life insurance companies to consider that some of the contributions towards Black tax made by members of the Black middle class went towards funding education and the basic needs of immediate and extended family members (Mangoma & Wilson-Prangley, 2019).

The above means that life insurance companies can adjust their growth objectives within the middle-class Black population by focusing their marketing strategies on capturing those members who make significant financial contributions towards supporting their immediate and extended family members, as their ability to earn an income needs to be secured for their benefit and the benefit of their dependents. This recommendation above is based on the definition of life insurance by Hartley *et al.* (2017), which states that life insurance is a long-term contract between the life assured and the insurance company, which protects families from adverse financial consequences when a policyholder dies.

#### **6.4. Suggestions for further research**

Suggestions for further research are that firstly, the factors influencing the purchase intentions of life insurance amongst the Black middle class were limited to the pricing constructs, premium pricing, price bundling, penetration pricing, trust on the consumer's path, Black tax and conspicuous consumption. Therefore, future research should expand on these variables and consider the influence of other pricing constructs on the purchase intention of life insurance amongst the Black middle-class populace. These are pricing constructs within the new product pricing situation, such as price skimming and experience curve pricing, as introduced by Ingenbleek and van der Lans (2013). In addition, future research should consider other competitive pricing constructs, including leader pricing and parity pricing, as introduced by Ingenbleek and van der Lans (2013).

Secondly, the population sample for future studies can be increased to obtain a more representative sample across the nine provinces within South Africa. For example, the Black middle-class report (2022) revealed that 26% of the Black Middle class lives outside urban areas; this represents a significant part of the population that future studies could reach. Therefore, future studies should consider a larger sample size. Lastly, since the theory that underpins this study is based on the influences of consumer behaviour using TPB, future research can consider including both the intention to purchase and the actual behaviour which must be performed, which is the purchase behaviour.

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## **APPENDIX A: RESEARCH INSTRUMENT**

### **Completion of questionnaire message sent via WhatsApp messenger and LinkedIn**

Good day.

In partial fulfilment of my degree in Master of Management in Strategic Marketing, under the supervision of Dr Fanny Saruchera, I am required to conduct a research study and collect data through an online survey. This is voluntary research and completely anonymous.

The title of my research is “Assessing the factors that influence the purchase intention on life insurance amongst the South African Black middle class”.

I am counting on your support in completing this survey on the link below. Please share this with as many friends, colleagues and family as possible.

I am aiming for 300 respondents.

[https://wits.eu.qualtrics.com/jfe/form/SV\\_3IcUI3P9Op3DnbU](https://wits.eu.qualtrics.com/jfe/form/SV_3IcUI3P9Op3DnbU)

Regards

Wynton Molefe Mahome

## RESEARCH INSTRUMENT

### Completion of questionnaire message sent via email to the Wits students

Good day,

My name is Wynton Molefe Mahome, and I am a Master of Management in Strategic Marketing student at the University of Witwatersrand, Johannesburg. In partial fulfilment of my degree, under the supervision of Dr Fanny Saruchera, I am required to conduct a research study and collect data through an online questionnaire/survey. The title of my research is **“Assessing the factors that influence the purchase intention of life insurance amongst the South African Black middle class.”**

I would like to invite you to participate in this study and complete this questionnaire/survey, which can be accessed through the link below:

<https://smexctp.trendmicro.com:443/wis/clicktime/v1/query?url=https%3a%2f%2fwits.eu.qualtrics.com%2fjfe%2fform%2fSV%5f3IcUI3P9Op3DnbU&umid=d21e7b15-4a90-4778-a0fc-f97a3ed6f306&auth=ec8e651b520f35a3592e2834cde55cb4fa26f2bc-77d3a442c2e700868f34f945a780b5526ed6aa3f>

The questionnaire should take about 15 – 20 minutes, consisting of approximately 37 questions. Completion of the questionnaire is voluntary, and all responses shall remain confidential. The research has been approved by the University Human Research Ethics Committee (Non-Medical); you are welcome to contact +27(0) 11 717 1408, e-mail [hrecnon-medical@wits.ac.za](mailto:hrecnon-medical@wits.ac.za). Should you feel that you no longer want to participate in the questionnaire, you may exit the questionnaire at any stage. Should you require further details regarding the study, don't hesitate to contact me at [1973651@students.wits.ac.za](mailto:1973651@students.wits.ac.za) or [molefemahome@gmail.com](mailto:molefemahome@gmail.com) or by telephone at 083 324 9208. For your reference, my supervisor can be contacted at [fanny.saruchera@wits.ac.za](mailto:fanny.saruchera@wits.ac.za).

Yours sincerely,

**Researcher: Wynton Molefe Mahome**

Email: [1973651@students.wits.ac.za](mailto:1973651@students.wits.ac.za) or [molefemahome@gmail.com](mailto:molefemahome@gmail.com)

Mobile: 083 324 9208

**Supervisor: Dr Fanny Saruchera**

Email: [fanny.saruchera@wits.ac.za](mailto:fanny.saruchera@wits.ac.za)

Tel: +27 11 717 3787

## APPENDIX B: DATA COLLECTION INSTRUMENT

### Section A of the questionnaire

**I consent to participate in this Research**

**Yes**

**No**

**Demographic Data/ Demographic Profile of the Respondents**

**What is your Gender?**

**Gender:**

**Male**

**Female**

**What is your Age?**

**Are you African, natively born in Sub-Saharan Africa?**

**Yes**

**No**

**In which province in South Africa do you reside?**

- Gauteng**
- KwaZulu Natal**
- Limpopo**
- North West**
- Eastern Cape**
- Western Cape**
- Northern Cape**
- Mpumalanga**
- Free State**

**Education**

- Matric**
- Diploma**
- Degree**
- Honours Degree**
- Masters' Degree**
- Doctorate or professional degree**
- Other**

**Marital Status**

**What is your marital status?**

- Single (never married)**
- Married or in a domestic partnership**
- Widowed**
- Divorced**
- Separated**

## **Employment**

**What is your current employment status?**

- Employed**
- Business owner**
- Both**
- Student**
- Retired**

**Monthly salary range**

- R16,000 – R 23,999**
- R 24,000 - R 31,999**
- R 32,000 – R 39,000**
- R40,000 – R 50,000**
- Above R 50,000**

**I have life insurance**

- Yes**
- No**

**If the answer above is No, are you considering purchasing life insurance?**

- Yes**
- No**

## SECTION B

### Purchase Intent measured using constructs from the variables from this study

	Strongly disagree,	Disagree	Neutral	Agree	Strongly agree).
I intend to purchase life insurance products					
My willingness to purchase life insurance products is based on trust.					
The probability that I would consider life insurance products by using price bundling is high.					
Although I send money to my immediate and extended family, I would likely consider purchasing life insurance products.					
I am willing to pay ___% more for life insurance over other products.					
I am willing to pay more for life insurance than any other insurance product.					
The probability that I would consider life insurance products using Penetration pricing (lower price) is high.					

### Consumer Willing to pay a premium price adapted from Ghaleb and Kaplan and van den Berg (2017)

	Strongly disagree,	Disagree	Neutral	Agree	Strongly agree).
The probability that I would consider life insurance products by using premium prices is high.					
Whenever I need to buy life insurance, I will likely consider a premium price (higher price).					
The price of life insurance would have to go up quite a bit before I would switch to other products like funeral cover.					

**Price bundling adapted from Huber, Gatzert, and Schmeiser (2015) and van den Berg (2017)**

---

Strongly Disagree Neutral Agree Strongly agree).  
disagree,

My intention to purchase life insurance is influenced by paying for a bundle of products instead of paying for one product.

I have a clear idea regarding which life insurance products I need.

I clearly know which features I need in a life insurance product policy.

By paying for a bundled price, I feel that I am getting a good life insurance product for a reasonable price.

Whenever I need to buy life insurance, I will likely consider a bundled price.

I am well-informed about life insurance products.

---

**Penetration pricing adapted from Lee (2014) and van den Berg (2017)**

---

Strongly Disagree Neutral Agree Strongly agree).  
disagree,

If I bought lower-priced life insurance, I would be concerned that the financial investment I would make would not be wise.

Purchasing life insurance at a lower price would be a bad way to spend my money.

I will buy life insurance at a lower price, and I would save a lot of money.

Whenever I need to buy life insurance, I will likely consider Penetration pricing (lower price).

---

**Customer Trust and Purchase Intention adapted from Panigrahi, Azizan and Waris (2018)**

---

Strongly Disagree Neutral Agree Strongly agree).  
disagree,

I trust in the words and promises of my life insurance company

Employees of my life insurance company must be able to fulfil obligations to me to increase my trust.

I am concerned about security while purchasing life insurance products.

I rely on life insurance products.

---

**Conspicuous consumption and purchase intention adapted from Podoshen, Li, & Zhang (2011)**

---

Strongly Disagree Neutral Agree Strongly agree).  
disagree,

Before I buy life insurance, it is essential to know what others think of people who use certain brands or products I am considering.

Before purchasing life insurance, it is essential to know what my friends think of the different types of insurance products I am considering.

Before purchasing life insurance, it is essential to know what kinds of people buy brands or products I am considering.

Before buying life insurance, I must know what brands or products to buy to make a good impression on others.

**Black Tax adapted from Mangoma and Wilson-Prangley (2019) and van den Berg (2017)**

---

	<b>Strongly disagree,</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree).</b>
My immediate and extended family members expect me to send them more money than I can afford.					
I send money to my immediate and extended family (grandparents, aunts, uncles, cousins, and in-laws) monthly.					
Sending money monthly to my immediate and extended family is a burden.					

## APPENDIX C: ETHICAL CLEARANCE CERTIFICATE

Graduate School of Business Administration  
University of the Witwatersrand, Johannesburg



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

### Ethics Clearance Certificate

Ethics protocol number: WBS/SM1973651/103

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

Project title	Factors influencing the purchase intention of life insurance amongst the South African Black middle class
Investigator / Researcher	Mr Wynton Mahome
Nature of Project	MM (Strategic Marketing)
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed anonymity and confidentiality.
Issue Date of Certificate	2021-12-14
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

14 December 2021

Date:

## APPENDIX D: LANGUAGE EDITING MEMORANDUM

### EDITING CONFIRMATION

To whom it may concern:

This memo serves to confirm that the manuscript/research project detailed below has been language-edited and/or proof-read.

Regards,

-SM001-

S. Mpunzi (Cert. Lang. Ed.)  
Language Editor

\*\*\*\*\*

**Manuscript Title:**

FACTORS INFLUENCING THE PURCHASE INTENTION OF LIFE INSURANCE  
AMONGST THE SOUTH AFRICAN BLACK MIDDLE CLASS

**Author:**

WYNTON MOLEFE MAHOME

**Issued on:**

28/02/2023

Disclaimer:

The editor/proofreader makes no claim as to the accuracy of the manuscript contents nor the objectives of the author. While all possible efforts have been made to ensure the text as edited is readable and grammatically correct, the author(s) have the option to accept or reject suggestions and trackable changes made to the document before submission.



\*\*\* Professional Editors \*\*\*

sarchcot@gmail.com