International Journal of Innovative Education Research 10(4):31-38, Oct.-Dec., 2022

© SEAHI PUBLICATIONS, 2022 www.seahipaj.org ISSN: 2354-2942

Evaluation of Educational Level and Consumers Purchase Behaviour in Port Harcourt Metropolis

Okwara, Rosemary Kelechi

Department of Business Education
School of Business Education
Federal College of Education (Technical), Omoku

ABSTRACT
The study was on Evaluation of Educational Level and Consumer's Purchase Behaviour of Insurance Services in Port Harcourt Metropolis. Two research questions and one hypothesis were formulated to guide the study. The population of the study was insurance policy holders of three insurance companies in Port Harcourt Metropolis. Convenience sampling method was used to select 1,068 policy holders of the three insurance companies studied. The research results showed that the education of a person plays a part in the interest to purchase insurance services. in consideration of the findings, the researcher recommends that those responsible for disaster management at all levels of government must inform, educate and convince individuals to assume responsibility for their lives and properties by giving better incentives to reduce risk through undertaking damage mitigation measures which can be provided by establishing a long-term relation between the policy holder and the insurer.
Keywords: Educational Level, Consumer's Behaviour, Purchase Behaviour, Insurance Services, Port Harcourt Metropolis.

INTRODUCTION

Consumer behaviour has been one of the most important that has attracted marketing researchers attention in recent decades (Solomon, 2014). Variation in consumer behaviour is due to various determinants of individual's behaviour and attitude towards purchase. Existence of different consumer groups for markets of a product indicates great differences. Nowadays, consumers are considered as the key of success or failure of a company (Kardes, 2014).Therefore, understanding consumer behaviour is very important.

Furthermore, the increasingly changing business environment and fierce competition for customers and market shares have made it imperative for firms to focus on the factors that influence consumer purchase behaviour order to survive in the long-run (Khaniwale, 2014). Each firm must adapt to changes in the market and be familiar with their customer's needs and the basic factors that profoundly influence their purchase decisions and purchase behaviour. According to Srinivasan, Srivastava and Bhanot (2014), consumer purchase behaviour is the actions a person takes in purchasing and using products and services, including the mental and social processes that precede and follow these actions. it helps us to answer questions such as:

i. Why people choose one product or brand over another?
ii. How they make these choices, and
iii. How companies use this knowledge to provide value to consumers. Belch and Belch (2004) observe that consumer behaviour is a complex process that involves a variety of activities including: search, selection, purchase, use, evaluation of products and services to meet their needs and desires.

Similarly, Hirschman (1985) notes that several internal and external factors which can range from short-term to long-time emotional feelings, affect customer behaviour. Marketing experts need to understand the dynamics of internal factors that influence consumer's decisions. These factors vary from person to person, from situation to situation; therefore, it is important to draw some

generalizations of consumer behaviour (Komal Prasad and Jda, 2014). A study of consumer decision-making processes is important because of the complex global development in all fields and marketing have forced marketers to make their works purposeful (Jones Christensen, 2015) because, behind the visible act of making a purchase, lies a decision that must be investigated. The purchase decision process is the stages a buyer passes through in making choices about which products and services to buy. There are five stages of purchase behaviour:

i. Problem recognition
ii. Information search
iii. Alternative evaluation
iv. Purchase decision
v. Post purchase behaviour.

Education on the other hand is one of the important demographic variables which influence consumer purchase behaviour. Education here refers to the amount of time spent in formal learning in school and the level of knowledge and certification acquired. McDaniel and Burnett (1990) cited in Igwe and Chukwu, (2016) found that education is one variable that is strongly associated with the demands of sophisticated, technology-driven, 21st century market. In this era of technological change, consumers face an environment increasingly complex situation, leading to significant challenges regarding buying and consuming choices and consumer protection. The most important and most influential technological changes in terms of the impact on the consumer are induced by internet, digitization and globalization. However, the era of technological change also means developing biotechnologies, nanotechnologies, new materials and new energy sources, all these changing people's lives, living conditions, their needs and their behaviour as consumers. Higher educated people are generally more informed than lower educated people. They are more likely to take care of their bodies, and try to live a healthy lifestyle (Linkedin, 2014). For instance, if most members of a target market are university graduates, then it might probably not take much effort to convince them to buy something that will improve their health. A higher educated consumer is a better-informed consumer, constantly prepared to take decisions, to have a responsible behaviour as far as the quantity and the quality of the products are concerned. Certain products or services are meant for specific set of customers with a certain educational qualification. This might help companies to target an exact set of customers having similar education background.

In Nigeria, there are three basic levels of education, namely: primary, secondary, and tertiary levels of education (Akandu, 2019). The National Policy on Education (2004) defines primary education as the education given in educational institution to children aged 6 to 11 plus. Secondary education is the education given in educational institution to children after the completion of primary education, wile tertiary education is the education offered in educational institution to individuals after the completion of secondary education.

Conceptual Review

Basically, education is the process of passing on and acquiring of knowledge through teaching and learning usually in a formal school or similar place of learning. According to Wikipedia Encyclopedia (2019), education in the broadest sense is any act or experience that has a formative effect on mind, character or physical ability of an individual. Similarly, Nwosu (2016) also maintained that education in a broad sense is a process by which an individual acquires the many physical and social capabilities demanded and required by the society in which he/she is born into function.

In Nigeria, there are three basic levels of education, namely: primary, secondary and tertiary levels of education (Akandu, 2019). The National Policy on Education (2004) defines primary education as the education given in educational institution to children aged 6 to 11 plus. Secondary education is the education given in education institution to children after the completion of primary education, while tertiary education offered in educational institution to individuals after the completion of secondary education. Educational here considers the amount of time spent in formal learning in school and the level of knowledge and certification acquired. McDaniel and Burnett (1990), cited in Igwe and Chukwu, (2016) found that education is one variable that is strongly associated with online shopping evaluative criteria. This tends to suggest that education influence consumer choice of online shopping. Educated people are generally more informed than uneducated people. They are more likely to take care of their bodies, and try to live a healthy lifestyle (Linkedin, 2014). For instance, if most members

of a target market are university graduates, then it might probably not take much effort to convince them to buy something that will improve their health. Certain products or services are meant for specific set of customers with a certain educational qualification. This might help companies to target an exact set of customers having similar education background. Education here considers the amount of time spent in formal learning in school and the level of knowledge and certification acquired. McDaniel and Burnett (1990), cited in Igwe and Chukwu (2016) found that education is one variable that is strongly associated with the demands of sophisticated, technology-driven, 21st century market. In this era of technological change, consumers face an environment increasingly complex situation, leading to significant challenges regarding buying and consuming choices and consumer protection. Higher educated consumers are generally more informed than lower educated consumers. They are more likely to take care of their bodies, and try to live a healthy lifestyle (Linkedin, 2014). For instance, if most members of a target market are university graduates, then it might probably not take much effort to convince them to buy something that will improve their health. Certain products or services are meant for specific set of customers with a certain level of educational qualification. This might help companies to target an exact set of customers having similar education background.

Consumer Purchase Behaviour:- Simply defined, consumer purchase behaviour refers to the complex process that involves a variety of activities including: search, selection, purchase, use, evaluation of products and services to meet their needs and desires (Belch and Belch, 2004). Similarly, Markii (2019) describes consumer purchase behaviour as the study of individuals, or organizations and the process consumers use to search, select, use and dispose of products, services, experience, or ideas to satisfy needs and its impact on the consumer and society. According to Srinivasan, Srivastava, and Bhanot (2014), consumer purchase behaviour is the actions a person takes in purchasing and using products and services, including the mental and social process that precede and follow these actions. It helps us to answer questions such as:

i. Why people choose one product or brand over another?
ii. How they make these choices, and
iii. How companies use this knowledge to provide value to consumers

Role of Education in the Consumption of Insurance Services:- Technological advancements and market innovations have created a sophisticated financial industry, in which a wide range of providers offer a broad spectrum of complex financial products and services (Hira, 2016). These advances have given people more options and superior flexibility in creating financial plans that best suit their needs. However, these complicated and specialized financial products and services require consumers to be fully informed, educated, and actively engage in managing their finances. Therefore, financial literacy has attracted the attention to government, academia, and industry, as it plays a crucial role in consumers financial decision-making, such as investment, retirement saving, debt management, and insurance. However, it is often the case that not all groups in society have the required literacy to understand information about different financial products, which may be vital for their financial wellbeing. One such financial product is insurance services (Driver, Brimble, Freudenberg, and Hunt, 2018). The types of insurance services include: life insurance, total and permanent disability (TPD), income protection (IP), health insurance, etc.

The protection of people and assets is a critical component of sustainable development. Without adequate insurance, it is unlikely that sustainable development is genuinely achievable (Wanczeck, McCord, Wiedmaier-Pfister, and Biese, 2017). The insurance mechanism helps to absorb the financial burden caused by adverse events by transferring losses of the individual to an insurance company. The importance of insurance can also be seen when considering the economic cost of an inadequate amount of personal insurance. For example, Warner (2016), in a study conducted in Australia, revealed that personal insurance policies cover only 61% of the basic needs (Basic needs defined as the minimum required to pay all non-mortgage debt and sustain the current living standards until age 65 or until children reach age 21) (protection requirement), 37% of income replacement level (The income replacement level defined as the level required to replace the expected net income of the insured and maintain current living standards until the insured would have reached age 65), 13% of Total and Permanent Disability (TPD) cover, and 16% of income protection covers of their respective needs.

This work therefore aims at generally assessing the effect of education level on consumer purchase behaviour of insurance services in Nigeria.

Statement of the Problem

Studies have shown that education is one of the important demographic variables which influence consumer purchase behaviour. In an era of technological change, consumers face an environment increasingly complex, leading to significant challenges regarding buying and consuming choices and consumer protection. The most important and most influential technological changes in terms of the impact on the consumer are induced by internet, digitization and globalization. This involves the assimilation of new knowledge throughout life to keep up with the accelerating peace of technological innovation and diffusion of e-commerce solutions and mobile commerce made possible by a consumers level of education. In other words an educated person is more respective to changes in society, to achieve and maintain health, environmental protection, all of which influence in an important and beneficial behaviour. The more educated potential consumers are the more likely they will purchase insurance service as a tool allowing them better access to healthcare and high security for their properties (homes, cars, etc).

Despite, this positive relationship between level of education and consumer purchase behaviour found in other climes, the level of patronage of insurance services in Nigeria still remains low, despite the fact that the level of education in Nigeria is increasing. Furthermore, there is a paucity of study on the relationship between education level and consumer purchase behaviour in Nigeria, especially the insurance industry and Port Harcourt metropolis in particular. The studies in this area were based on backgrounds that differ greatly from the present area of study. Port Harcourt Metropolis, hence it has become imperative to undertake a study on the relationship between education level and consumer purchase behaviour of insurance services in Port Harcourt metropolis. It is against this background that this study is undertaken.

Research Question

1. What is the perception of consumers about the necessity of insurance in Port Harcourt metropolis?
2. What is the interest of consumers in purchasing insurance in Port Harcourt metropolis?

Research Hypothesis

Ho_1: There is no significant influence of education on the interest in purchasing insurance in Port Harcourt Metropolis.

Conceptual Framework of the Study

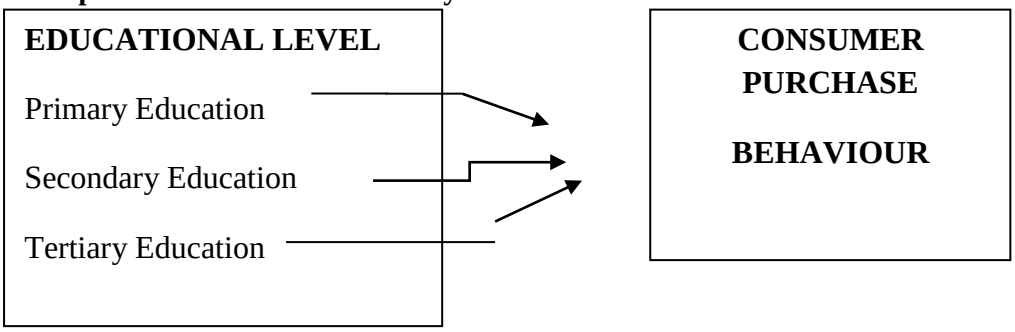

Figure 1: Conceptual Framework of Education Level and Consumer Purchase Behaviour
Source: Researcher after 2020 review of literature.

Figure 1 above shows the two study variables which are: education level (with dimensions primary education, secondary education and tertiary education) as the independent or predictor variable, and consumer purchase behaviour as the dependent or criterion variable.

Empirical Review of Related Literature

Weedige, Ouyang, Gao and Liu (2019) work was on Decision Making in Personal Insurance: Impact of Insurance Literacy aimed at investigating the direct and indirect effect of consumers insurance literacy on purchasing decision of personal insurance. The study sample consists of middle-class consumers in Sri Lanka. A total of 300 valid questionnaires were collected and analyzed using a variance-based structural equation modeling. The results revealed that insurance literacy directly, and through its mediators of trust, perceived benefits and favourable attitudes towards insurance, impacts

the behavioural intentions of consumers significantly and positively. The cognition-based trust affected the purchase intention only through its mediators. Additionally, there is a significant difference between those who are having and not having insurance in terms of insurance literacy, trustfulness and perceived value of insurance. They recommended that the study being a relatively a pioneer study and the findings should be adopted by academicians and policy makers to encourage personal insurance as a tool in achieving financial security and well-being. Maria-Ioncica, Petrescu, Diana-Ioncica, and Constantinescu (2012) examined the role of education on consumer behaviour on the insurance market. The population studied was the Romanian insurance market and the sample size was 59 insurance policy holders (over 18 years old). The selection of the insurance policy holders was made by using selection questionnaires, and the interviews were conducted by using a conversation guide. The results indicate that the education of a person plays a part in the interest to purchase insurance. Therefore, the researchers recommended that those responsible for disaster management at all level of government must inform, educate and convince individuals to assume responsibility for their lives and properties by taking insurance policies. Mbah, Odike and Akpan (2019) studied the effect of education on online shopping behaviour in Nigeria. The study employed survey research design, and questionnaire was the instrument used in collecting data. Judgmental and snowball techniques were used in selecting the respondents. Three hundred and eighty four (384) online shoppers in Akwa Ibom State, Nigeria participated in the study. The findings revealed that education has no significant effect on online shopping behaviour in Nigeria ($F=0.703$ and $P<0.05$). it was concluded that though education does not show significant effect on online behaviour, proper understanding of consumers educational differences can however, help online retailers in Nigeria to target specific groups of consumers and formulate appropriate marketing strategies to win them. Based on the findings, it was recommended that online retailers in Nigeria can use about the same method of drive online sales for both highly educated and less educated customers, but the method should be closely monitored for little differences. Burghelea and Aceleanu (2014) examined education determinant of consumers' conditions in an era of technological change.

Theoretical Framework

Theory of Planned Behaviour (TPB)

The Theory of Planned Behaviour (TPB) is the theory underpinning of this study. Attitude is a well-read predisposition to behave in a consistently favourable or unfavourable manner for a given object (Ajzen, 1980, Ajzen, 1991). Theoretically, the relationship between attitude and behvaioural intention is justified based on the theory of planned behaviour (TPB) (Ajzen, 1991). According to TPB, attitude correlates with an individuals intention, hence it could be a predictor of individual behaviour (Ajzen 1980, Omar and Owusu-Frimpon, 2007, Memarista, Brahmana and Brahmana, 2018). Following the same norm, this study assumes that individuals with a favourable attitude towards insurance services are more likely to purchase personal insurance plans. This relationship has been verified in many studies in various disciplines (Shanteau, 1992, De Leeuw, Valois, Ajzen, Schmidt, 2015, Memarista, Brahmana and Brahmana, 2018). Therefore, the present study assumes that a consumer who has a favourable attitude towards personal insurance is more likely to purchase it. Moreover, Driver et al (2018) revealed that consumers trustfulness based on understanding would be the leading cause behind the positive attitude towards insurance, while poor understanding and lack of trust create negative attitude towards insurance.

METHODOLOGY

This study adopted a qualitative research (semi-guided interviews) and quantitative research (survey). The aim of qualitative research is to understand and explain various phenomena and the survey has the role to quantity the information and generalize the results at the level of the entire population studied (Catoiu, 2009). In this view, both qualitative and quantitative researches are necessary, because they complement each other (Petrescu, 2005, Balan, 2009). The population of the study was insurance policy holders of three insurance companies based in Port Harcourt Metropolis, namely, AIICO Insurance Plc. Crusader Insurance Company (Nigeria) Ltd and Niger Insurance Plc. Convenience sampling method was used to select 1068 policy holders of the three insurance companies studied. Primary data were sourced through questionnaires and interviews conduced by using a conversation guide. The scales were tested for reliability using the Cronbach Alpha

Coefficient. All the alpha coefficients of the individual constructs were above the recommended out-offs and were considered good according to Nunnally (1978).
See table 1 below.

Construct	Cronbach Alpha (α)
Primary Education	0.846
Secondary Education	0.881
Tertiary Education	0.823
Consumer Purchase Behaviour	0.789

For construct validity, the researcher carefully selected the already used and validated instruments with items that measure the distinct concepts. The researcher also ensured theoretical operationalization by carefully reviewing related literature. To establish whether the instrument measured that it intended to measure, the researcher further tested for convergent and discriminant validity using methods adopted by Ritter, Wilkinson, and Johnson (2002), Gaski (1984), Field (2005) and Hair, Anderson, Tatham, and Black (2010). This indicated that the instrument is a good predictor of what it intended to measure. The information obtained from semi guided interviews was analyzed by following the main themes which appear in the conversation, by noticing the discourse structure of the subject interviewed and using lexical analysis (Ganassali, 2007). The data collected through questionnaire were analyzed using descriptive statistics. The hypothesis was tested using Chi Square test at 0.05 level of significance.

RESULTS AND DISCUSSION

Results of the qualitative research

By analyzing the answers given by persons owning at least an insurance contract, we can conclude that the respondents are familiar with the concepts of insurance, life insurance, general insurance and insurance contract. The definitions are often incomplete, referring to a single aspect of the insurance activity. For the vast majority of respondents, the concept of insurance is related to the idea of protection, the role of insurance being, according to the subjects interviewed, to offer indemnity, protection (safety measures for the future), to cover damages, to permit the recovery of losses. Only a very small part of the subjects interviewed see in insurance an investment tool. The majority of the respondents considered that insurance services are necessary during a crisis. The analysis of the answers to the questions related to the risks has proved that the insured are aware of the risks, the main risks mentioned were; natural risks (earthquake and flood), financial risks and risks related to damages to their proprieties. The vast majority of the subjects interviewed are able to define insurance, more or less exactly. Mostly of the subjects interviewed have stated that they read the insurance contract, but they consider that they do not know it fully. Most of the words related to the insurance contract have positive connotations, but negative perception was also observed (too long, not negotiable etc).

The answers to the question related to the opinion about the insurance products existent on the market have indicated that, overall, insurance services enjoy a positive perception, but, there is a number of insured who do not have a favourable opinion on the insurance products existent, and there is also a significant number of subjects who did not form an opinion due to insufficient knowledge of the supply (I hardly know them). Among the respondents interviewed which have at least an insurance policy, only a small number of them said that they know insurance services very well, for the vast majority the degree of knowledge being medium or low. The age and the revenue have been most frequently mentioned by the interviewed persons as factors influencing their decision to buy insurance, and education has also been mentioned by a large number of respondents.

Results of the Quantitative Research

The perception about the necessity of insurance was studied using a five level likert scale. The results of the survey showed that general perception is positive, the insurance services being perceived as necessary (score 0.82), 62.9% of the subjects agreeing that insurance is indispensible, and 11.5% disagreeing. 70% of the subjects interviewed answered that the main reason to buy insurance is the need to protect themselves and only 2% buy insurance as an investment tool. All the consumers that they buy insurance as an investment tool have tertiary education. The results of the survey indicate that 62% of the subjects have read all the clauses of the insurance contract, but only 31% consider that

they know the terms of the insurance contract very well. 35% of the respondents have read only partially the insurance contract and 3% had not read at all the insurance contract. In order to find out the interest in purchasing insurance the subjects were asked if they have the intention to conclude a new insurance contract in the next year. 57% of the subjects have answered that they were interested in purchasing insurance, 35% were undecided and only 8% were not interested in buying a new insurance policy.

The chi square test was used to see if there is an influence of education on the interest in purchasing insurance, in the test of hypothesis. The chi square test showed an association can be made between the independent variables, in this case, primary education, secondary education and tertiary education and the dependent variable, in this case, primary education, secondary education and tertiary education and the dependent variable, the interest in purchasing insurance. In other words, the results indicate that there is an associated between primary education, secondary school and tertiary education of the consumers and the interest in purchasing insurance policy.

CONCLUSIONS AND RECOMMENDATIONS

The research results have shown that the rather low interest in purchasing insurance services by consumers in Port Harcourt Metropolis is mainly due to misunderstanding of the role and necessity of insurance, due to a lack of education. The results of the chi square test indicate that the education of a person plays a part in the interest to purchase insurance services. The analysis of the answers from the qualitative and quantitative also indicates the same. Furthermore, the difference between the potential demand on the insurance market and the effective demand can be explained in the first place by economic factors: the low level of income of the population; considering the idea that those with lower education often fall in the lower socioeconomic groups.

In consideration of the findings, the research recommends that those responsible for disaster management at all level of government must inform, educate and convince individual to assume responsibility for their lives and properties by giving better incentives to reduce risk through undertaking damage mitigation measures which can be provided by establishing a long-term relation between the policy holder and the insurer. The long-term relation can be consolidated through education. Education can change the behaviour of the potential insured and mentality can be influenced in turn by education.

REFERENCES

Ajzen, and Fishbein, M. (1980). *Understanding Attitudes and Predicting Social Behaviour*. Englewood Cliffs, NJ: Prentice-Hall.

Ajzen, I. (1991). *The theory of planned behaviour. Organization Behaviour and Human Decision Processes,* 50, 179-211.

Angelescu, C., Ciucur, D. and Marin, D. (2001). *Dictionar de economic*, Bucharest: Economic Publishing House.

Balan, C. (2009). Major change in the quality management of the qualitative market research. *Amfiteatru Economic*, 11(26), 314-322.

Burghelea, C. and Aceleanu, M. I. (2014). Education – determinant of consumers conditions in an era of technological change. *Amfiteatru Economic*, 16(36), 535-549.

Catoiu, I. Balan, C., Balaure, V., Orzan, G. and Popescu, I. C. (2002). Cercetari demarketing Bucharest: Uranus Publishing House.

Engel, J. F. Blackwell, R. D. and Miniard, D. T. (1986). *Consumer Behaviour* Chicago: The Dryden Press.

Fischer, D. (2011). Educational organizations as cultures of consumption: Cultural contexts of consumer learning in schools. *European Educational Research Journal*. 10,595-610.

Hill, E. and O. Sullivan, T. (1997). *Marketing*. Bucharest: ANTET Publishing House.

Inocica, M. (2010). Services specialization (a possible index) and its connection with competitiveness. The case of Romania. *The Service Industries Journal*. 30 (11-12), pp. 2023-2044.

Inocica, M., Petrescu, E., Ioncica, D., and Constantinescu, M. (2012). The role of education on consumer behavior on the insurance market. *Procedia – Social and Behavioural Sciences,* 46,4154 4158.

Kardes, F. (2014). *Consumer behaviour: Science and practice*. South-Western Cengage: Learning.

Kotler, P., Keller, K. L. Ancarani, F., and Costabile, M. (2014). *Marketing management* (14th ed) Englewood Cliffs, NJ: Pearson Education.

Linkedin, (2004). How your business benefits from demographic market segmentation. Available a: https://www.linkedin.com Retrieved on May 2020.

Nnamocha, O. A. (2016). Consumer behaviour in intermediate marketing. Bridging the gap between foundational and special marketing thoughts ed. By Gazie Okpara and Agu Agu. Owerri: Alvan Global Publications.

Saunders, M., Lewis, P. and Thornhill, A. (2003), *Research Methods for Business Students*, 3rd Ed. Upper Sadle River, NJ: FT-Prentice Hall.

Schiffman, L. G. and kanuk, L. L. (2009). Consumer behaviour. Uppe Saddle River, New Jersey: Pearson.

Solomon, M. (2004). *Consumer behaviour* (6th ed). New Jersey: Prentice Hall.

Srinivasan, R., Srivastava, R. K. and Bhanot, S. (2014). Impact of education on purchase behaviour of luxury brands. *Journal of Business and Management*, 16(11), 63-74.