



Consumer Buying Behaviour and Purchase of Insurance Products and Services in Nigeria

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Abstract

Understanding customer buying behavior is critical for the growth of insurance companies, particularly in Nigeria's evolving financial landscape. This study examines Consumer Buying Behaviour and Purchase of Insurance Products and Services in Nigeria, focusing on LASSACO Insurance Plc in Ekiti State. Employing a random purposive sampling method, a sample size of 240 respondents was the population that made up of civil servants, LASSACO workers and some construction site workers. Data was gathered through a close-ended questionnaire and analyzed using simple percentages. Findings reveal that family and friends significantly influence insurance purchasing decisions, while easy access to information enhances the buying experience. These insights align with existing literature, underscoring the relevance of external factors and information accessibility in shaping customer behavior. The study concludes that addressing these factors can help insurance companies build stronger relationships, improve customer satisfaction, and ensure sustained growth in a competitive market. It is recommended that LASSACO should concentrate on consumer education programs to highlight the benefits of insurance products and investment in digital platforms to streamline service delivery and improve information accessibility. These measures are vital for enhancing customer engagement and loyalty in Nigeria's insurance industry.

Keywords: *Consumer Buying Behaviour, Financial Landscape, Social Factors, Customer Experience.*

1. Introduction

Consumer buying behavior refers to the processes and decisions that individuals or groups undertake when selecting, purchasing, and using products or services. This concept encompasses various psychological, social, and economic factors influencing consumers' decisions. Understanding consumer buying behavior is crucial for businesses, especially in competitive sectors like insurance, as it helps companies tailor their marketing strategies to meet customer needs effectively. As noted by Solomon (2023), consumer behavior is not merely a reaction to marketing stimuli but is also shaped by personal experiences, cultural background, and individual preferences. Understanding customer buying behavior is crucial for the success of insurance companies in Nigeria, where the industry is increasingly competitive and evolving. Insurance purchasing decisions are influenced by various factors, including economic conditions, social norms, and individual psychological factors (Awojobi, 2021). Customers' awareness of their insurance needs and the perceived value of insurance products significantly impact their buying behavior. In the Nigerian insurance market, social influences, the perceived value, Customer experience and awareness of insurance products, play significant roles in shaping customer buying behavior. Many potential policyholders rely heavily on recommendations from family, friends, and social networks when deciding which insurance products to purchase. Many potential customers struggle to see the value in insurance relative to the costs involved,



which can discourage them from making a purchase. Despite the growth of the insurance industry, many consumers still lack comprehensive knowledge of the various types of insurance available and the specific benefits they provide. Therefore, insurance companies must adopt strategies that resonate with the unique preferences and expectations of Nigerian consumers (Ojo and Afolabi, 2023; Ogunyomi et al., 2023). In recent years, the Nigerian insurance market has witnessed considerable growth, driven by increasing awareness of the benefits of insurance and a push for financial inclusion (Nigerian Insurers Association (NIA, 2022). However, despite this growth, the penetration rate of insurance remains low compared to global standards. This indicates a need for deeper insights into customer preferences and behavior patterns. Understanding these factors can help insurance companies tailor their offerings to meet the specific needs of their target market. Furthermore, the rapid growth of digital technology in Nigeria has transformed customer buying behavior in various sectors, including insurance. The emergence of online platforms and mobile applications has facilitated easier access to information and services, allowing customers to make informed decisions (Ojo & Umeadi, 2023). Insurance companies must understand these digital trends to remain competitive in the evolving market landscape (Osagie & Omoregie, 2023). For these reasons, this research work tends to investigate the customer buying behavior and comprehensively study the factors influencing purchasing decisions, for insurance providers to better align their strategies to meet the needs of their customers. By using celebrities they can accomplish a unique and relevant position in the minds of the consumers. (Emonena and Christopher, 2023). Also, according to Reynolds (2020) celebrity endorsement can give a brand a touch of glamour. Brand awareness is the first point of brand knowledge in consumers' minds reflecting their ability to identify a brand; the likelihood that the brand name will come to mind and the ease with which that happens (Kotler and Keller, 2021). Awareness to a brand can be used to describe brand recognition when the consumer can confirm having been exposed to the brand when given a cue (Ovidiu, 2019). Brand awareness and recognition is important in the buying decision making and so a veritable tool for firms to achieve competitive advantage as it will help consumers recall the brand given a product category. It also increases the probability of the brand been part of the evoke set. Kotler and Keller, (2021) opines that brand awareness influences brand associations that form the brand image. Brand awareness is the first point of brand knowledge in consumers' minds reflecting their ability to identify a brand; the likelihood that the brand name will come to mind and the ease with which that happens (Kotler and Keller, 2021). Other empirical findings have shown that use of celebrity endorsers in advertising have effect on recall of both the brand and the advertisement Chan (2022) in his research has shown that celebrity endorsement can influence perceived product quality and uniqueness. There have been several studies on celebrity endorsement, however, majority of these studies were conducted in advanced economies. Therefore, as far as can be determined very few of such research are conducted in developing countries of Africa particularly in Nigeria. This gap in literature is somewhat alarming given the emerging changes in consumers' behavioural pattern that seem to be a snowball of the pattern in developed and developing economies. Also, studies carried out on celebrity endorsement have

The Objectives of the Study is to critically examine the Consumer Buying Behaviour and Purchase of Insurance Products and Services in Nigeria, a case of LASSACO Insurance Plc, Ekiti State, Nigeria and its Specific Objectives are to;

- a. Examine the influence of social factors on the buying behavior of consumers in the Nigerian insurance market.
- b. Evaluate the impact of customer experience on consumer satisfaction and loyalty within the Nigerian insurance industry.



2. Literature Review

2.1. Concept of Consumer Buying Behaviour

Consumer buying behavior refers to the processes and decisions that individuals or groups undertake when selecting, purchasing, and using products or services. This concept encompasses various psychological, social, and economic factors influencing consumers' decisions. Understanding consumer buying behavior is crucial for businesses, especially in competitive sectors like insurance, as it helps companies tailor their marketing strategies to meet customer needs effectively. As noted by Solomon (2023), consumer behavior is not merely a reaction to marketing stimuli but is also shaped by personal experiences, cultural background, and individual preferences.

2.2. Benefit of Measuring Consumer Buying Behaviour

Enhanced Customer Insights: Understanding consumer buying behavior provides businesses with deep insights into customer preferences, motivations, and purchasing patterns. By analyzing this behavior, companies can identify trends and shifts in consumer demands, enabling them to tailor their products and services accordingly. **Improved Marketing Strategies:** By measuring consumer buying behavior, businesses can refine their marketing strategies to be more effective. Insights into customer preferences allow companies to segment their audience and develop personalized marketing campaigns. This level of personalization can lead to higher response rates and better overall marketing performance (Baker et al., 2023). **Increased Customer Satisfaction and Loyalty:** When businesses understand what drives consumer behavior, they can enhance the overall customer experience. By addressing customer pain points and providing solutions that meet their needs, companies can improve satisfaction levels. Satisfied customers are more likely to remain loyal, recommend the brand to others, and become repeat buyers. In the insurance industry, this translates to longer-term relationships with clients, ultimately resulting in increased profitability and reduced churn rates (Smith & Jones, 2023). **Informed Product Development:** Measuring consumer buying behavior informs product development processes. Insights gained from consumer preferences can guide the creation of new products or the modification of existing ones. By aligning products with consumer expectations, companies can ensure greater market acceptance and success (Anderson & Lee, 2023).

2.3. Element of Consumer Buying Behavior

Social influence plays a significant role in shaping consumer buying behavior, reflecting the impact that individuals and groups have on the purchasing decisions of others. This influence can manifest through various forms, including family, friends, peers, and broader social networks. Individuals who have successfully navigated the insurance market, thereby relying on social validation to make informed decisions. For example, in collectivist cultures, where group harmony and relationships are highly valued, individuals may be more likely to make purchasing decisions based on the preferences and experiences of their social networks (Klein & Harris, 2023).

Customer experience (CX) is a critical element influencing consumer buying behavior, encompassing every interaction a customer has with a brand, from the initial discovery phase to post-purchase support. A positive customer experience can lead to increased satisfaction, loyalty, and advocacy, while a negative experience can deter future purchases and harm brand reputation. Research indicates that consumers increasingly prioritize the quality of their experience over the products themselves; they are willing to pay a premium for superior service and seamless interactions (Lemon & Verhoef, 2023).

Customer awareness refers to the extent to which consumers are familiar with a brand, its products, and its value propositions. This awareness is crucial in influencing buying behavior, as it determines whether



consumers consider a brand when making purchasing decisions. In the insurance industry, customer awareness can significantly impact policy selection and brand loyalty. Research has shown that consumers are more likely to purchase insurance products from companies they recognize and trust, highlighting the importance of effective branding and marketing strategies (Keller, 2023). Insurance companies must invest in building awareness through advertising, public relations, and community engagement to ensure that potential customers recognize their offerings and understand their benefits.

The concept of insurance companies in Nigeria revolves around providing financial protection and risk management solutions to individuals and businesses. Insurance serves as a contractual agreement where the insurer guarantees compensation for specific losses in exchange for premium payments from the insured. The primary objective of insurance companies is to mitigate the financial impact of unforeseen events, such as accidents, illnesses, or natural disasters, ensuring that policyholders have a safety net when needed (Ogunbayo, 2022). This function is particularly crucial in a developing economy like Nigeria, where many individuals and businesses face various risks that can significantly affect their financial stability. In Nigeria, the insurance industry has evolved significantly over the years, driven by regulatory reforms and increasing public awareness of insurance benefits. The National Insurance Commission (NAICOM) is the regulatory body overseeing the insurance sector, ensuring compliance with industry standards and protecting policyholders' interests (NAICOM, 2023).

The Nigerian insurance landscape includes various types of insurance products, such as life, health, property, and liability insurance. The growing middle class, rising disposable incomes, and an increasing number of small and medium-sized enterprises (SMEs) have spurred demand for insurance products, prompting companies to innovate and diversify their offerings (Akeredolu & Okunola, 2023). Despite the growth potential, the Nigerian insurance industry faces several challenges, including low penetration rates and a general lack of awareness about insurance products. According to a report by Ernst & Young (2023), insurance penetration in Nigeria remains below 1% of GDP, indicating that many individuals and businesses still do not utilize insurance services. This low uptake is often attributed to cultural misconceptions about insurance, perceived affordability issues, and inadequate distribution channels. Consequently, insurance companies are increasingly focusing on customer education and awareness initiatives to improve understanding and acceptance of insurance products among the Nigerian populace.

Customer awareness of insurance products in Nigeria is a critical factor influencing the growth and development of the insurance industry. The level of awareness among consumers directly impacts their purchasing decisions and their ability to utilize available insurance products effectively. Insurance companies must recognize that many Nigerians lack a comprehensive understanding of insurance products and their benefits. This lack of awareness can lead to low insurance penetration rates, with many potential customers viewing insurance as unnecessary or overly complicated (Akanbi et al., 2023). Several factors contribute to the low level of customer awareness regarding insurance products in Nigeria. One significant barrier is the limited educational initiatives undertaken by insurance companies. Many consumers are not adequately informed about the various types of insurance products available, such as life, health, auto, and property insurance. Without proper education and information dissemination, potential customers may not recognize the value of insurance products or how they can protect their assets and financial futures (Ogunbiyi & Olubunmi, 2023). Moreover, traditional marketing strategies often fail to engage the target audience effectively, leading to a disconnect between insurance providers and consumers.

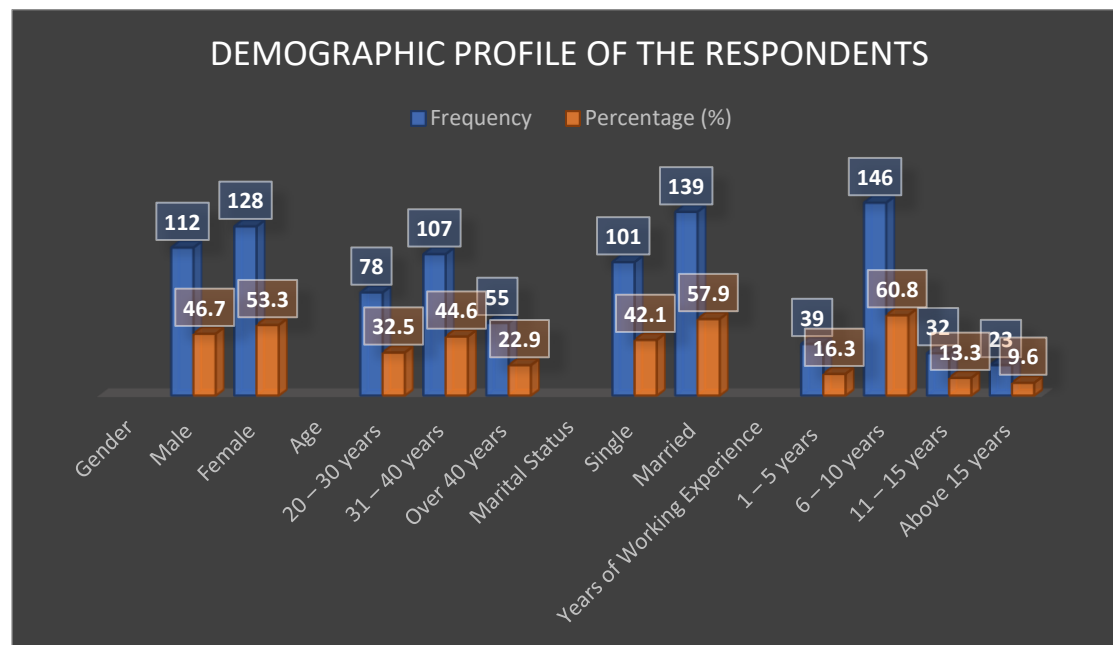
3. Research Methodology

The study area of this research is Ekiti State, Nigeria. Investigation was conducted on Consumer Buying Behaviour and Purchase of Insurance Products and Services in Nigeria, using LASSACO Insurance Plc, Ekiti State as a case study. The study area of this research is Ekiti State, Nigeria. Investigation was conducted on Consumer Buying Behaviour and Purchase of Insurance Products and Services in Nigeria, using

LASSACO Insurance Plc, Ekiti State as a case study. Using a quantitative approach, a well-structured questionnaire was adopted in data collection. A total of two hundred and fifty (250) copies of questionnaire were given out to civil servants, LASSACO workers and some construction site workers of which two hundred and forty (240) copies of questionnaire were retrieved amounting to 96. % of all the questionnaires and this was used for the analysis. The simple percentage and frequency were employed to analyze the respondents' biodata and their responses to opinion questions. The adopted methodology was based on similar researches by Adeolu et al, (2005); Zajonc and Markus, (2012); Chattopadhyay and Basu (2023). (2020); Buari et al., 2021; Buari et al., 2021; Buari et al., 2025, on the relationship between consumer brand preference, consumer buying behaviour and advertisement media and the need of people's opinions in obtaining relevant data in respect of issue on hand through questionnaires

4. Results and Findings

The results of Data analysis from all the elements of the population are presented below. The target respondents which was randomly selected were 240 respondents



1. **Figure 1.0: Demographic Profile of the Respondents**

From figure 1.0 above, it can be deduced that 112 (46.7%) of the respondents are Male gender while 128 (53.3%) of the respondents are Female gender. It can be deduced that most of the respondents are Female. Age frequency indicated that 78 (32.5%) of the respondents are between 20 to 30 years of age, 107 (44.6%) of the respondents fall between 31 – 40 years old and 55 (22.9%) of the respondents are above 40 years old. It can be concluded that most of the respondents are between 31 years – 40 years old. Similarly, marital status revealed that 101 (42.1%) of the respondents are single, 139 (57.9%) of the respondents are Married. Therefore, most of the respondents are married and the working experience of the correspondents shows that 39 (16.3%) of the respondents have been working between 1 – 5 years, 146 (60.8%) of the respondents have been working for 6 – 10 years, 32 (13.3%) of the respondents have 11 -15 years experience and 23 (9.6%) have above 15 years' working experience. It can be said that most of the respondents have 6 – 10 years' experience.



Table 1: *Family and friends significantly influence one's decision to purchase insurance*

S/N	Responses	Frequency	Percentage (%)
1.	Strongly Agree	103	42.9
2.	Agree	123	51.3
3.	Undecided	2	0.8
4.	Disagree	7	2.9
5.	Strongly Disagree	5	2.1
6.	Total	240	100

Source: Field Survey, (2025)

From table 1, 123 (51.3%) of the respondents agreed that family and friends significantly influence one's decision to purchase insurance, 103 (42.9%) of the respondents strongly agreed that family and friends significantly influence one's decision to purchase insurance, 2 (0.8%) unable to decide, 7 (2.9%) disagreed that family and friends significantly influence one's decision to purchase insurance, while 5 (2.1%) strongly disagreed with the statement. It can be concluded that family and friends significantly influence one's decision to purchase insurance

Table 2: *Social media plays an important role in shaping views about insurance products*

S/N	Responses	Frequency	Percentage (%)
1.	Strongly Agree	112	46.6
2.	Agree	118	49.2
3.	Undecided	2	0.8
4.	Disagree	4	1.7
5.	Strongly Disagree	4	1.7
6.	Total	240	100

Source: Field Survey, (2025)

From the table above, 118 (49.2%) of the respondents agreed that social media plays an important role in shaping views about insurance products, 112 (46.6%) of the respondents strongly agreed, 2 (0.8%) unable to decide, 4 (1.7%) disagreed that social media plays an important role in shaping my views about insurance products, while 4 (1.7%) strongly disagreed with the statement. It can be concluded that social media plays an important role in shaping people views about insurance products.



Table 3: whether favourite celebrity gives a positive image of MTN bhand

S/N	Responses	Frequency	Percentage (%)
1.	Strongly Agree	115	47.9
2.	Agree	116	48.3
3.	Undecided	2	0.8
4.	Disagree	4	1.7
5.	Strongly Disagree	3	1.3
6.	Total	240	100

Source: Field Survey, (2025)

From the table above, 116 (48.3%) of the respondents agreed that community recommendations are crucial in choice of insurance providers, 115 (47.9%) of the respondents strongly agreed, 2 (0.8%) unable to decide, 4 (1.7%) disagreed that community recommendations are crucial in my choice of insurance providers, while 3 (1.3%) strongly disagreed with the statement. It can be concluded that community recommendations are crucial in my choice of insurance providers

Table 4 *People overall experience with insurance provider has been satisfactory*

S/N	Responses	Frequency	Percentage (%)
1.	Strongly Agree	87	36.3
2.	Agree	98	40.8
3.	Undecided	4	1.7
4.	Disagree	30	12.5
5.	Strongly Disagree	21	8.7
6.	Total	240	100

Source: Field Survey, (2025)

From the table above, 98 (40.8%) of the respondents agreed that people overall experience with insurance provider has been satisfactory, 87 (36.3%) of the respondents strongly agreed, 4 (1.7%) unable to decide, 30 (12.5%) disagreed that people overall experience with insurance provider has been satisfactory, while 21 (8.7%) strongly disagreed with the statement. It can be concluded that people overall experience with insurance provider has been satisfactory.

Table 5 *The quality of customer service one receives influences their loyalty to an insurance company*

S/N	Responses	Frequency	Percentage (%)
1.	Strongly Agree	92	38.3
2.	Agree	101	42.1
3.	Undecided	4	1.7
4.	Disagree	23	9.6
5.	Strongly Disagree	20	8.3
6.	Total	240	100

Source: Field Survey, (2025)

From the table above, 101 (42.1%) of the respondents agreed that quality of customer service one receives influences their loyalty to an insurance company, 92 (38.3%) of the respondents



strongly agreed, 4 (1.7%) unable to decide, 23 (9.6%) disagreed that quality of customer service one receives influences their loyalty to an insurance company, while 20 (8.3%) strongly disagreed with the statement. It can be concluded that quality of customer service one receives influences their loyalty to an insurance company.

Table 6 *Easy access to information about insurance products enhances purchasing experience*

S/N	Responses	Frequency	Percentage (%)
1.	Strongly Agree	98	40.9
2.	Agree	100	41.7
3.	Undecided	4	1.7
4.	Disagree	21	8.7
5.	Strongly Disagree	17	7.1
6.	Total	240	100

Source: Field Survey, (2025)

About 21 (8.7%) of the respondents disagree that easy access to information about insurance products enhances purchasing experience, 17 (7.1%) of the respondents strongly disagreed, 4 (1.7%) unable to decide, 100 (41.7%) agreed that easy access to information about insurance products enhances purchasing experience while 98 (40.8%) strongly agreed with the statement. It can be concluded that easy access to information about insurance products enhances purchasing experience

5. Conclusion

From the above findings, it can be concluded that, understanding customer buying behaviour is crucial for the success of insurance companies in Nigeria, as it directly impacts their ability to attract and retain clients. Using LASSACO Insurance PLC in Ekiti State as a case study, the research highlights the pivotal role of social influences, such as family and friends, in shaping purchasing decisions. Additionally, it underscores the importance of positive interactions with insurance providers in fostering customer loyalty and policy renewals. The findings also reveal that customers' perception of the value of insurance products significantly affects their willingness to recommend these products to others, emphasizing the need for insurers to deliver transparent and valuable services. These insights align with existing literature, affirming the relevance of customer-centric strategies in the insurance sector.

6. Recommendation

Based on the findings of this study, it is recommended that, LASSACO should concentrate on consumer education programs to highlight the benefits of insurance products and investment in digital platforms to streamline service delivery and improve information accessibility. Besides, regular market research and customer feedback collection can provide valuable insights into changing consumer preferences, industry trends, and competitor activities. By continuously understanding market needs, organisations can tailor their marketing and production efforts accordingly, ensuring that products align with customer expectations and enhancing market



competitiveness. These measures are vital for enhancing customer engagement and loyalty in Nigeria's insurance industry.

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