

## Empirical Research on the Influencing Factors of Internet Insurance Demand

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### Abstract

### Review Article

China's Internet insurance is booming, but in recent years there has been an imbalance between supply and demand in the market. Our research team tried to explore the factors affecting Internet insurance demand from the perspective of consumers, and proposed relevant improvements to promote the development of the Internet insurance industry. This paper intends to find out the factors which cast significant influences on the willingness of consumers to buy Internet insurance. We selected 474 valid questionnaires from 27 provinces in China, and analyzed variables from 5 dimensions using Probit model. The research result shows that factors like the frequency of online-shopping, experience of freight insurance purchase, the popularity of insurance companies, the complexity of purchase process, product price and innovation of on-line insurance products affect consumers' decisions. Therefore, we are trying to provide meaningful reference and suggestions for the further development of Internet insurance.

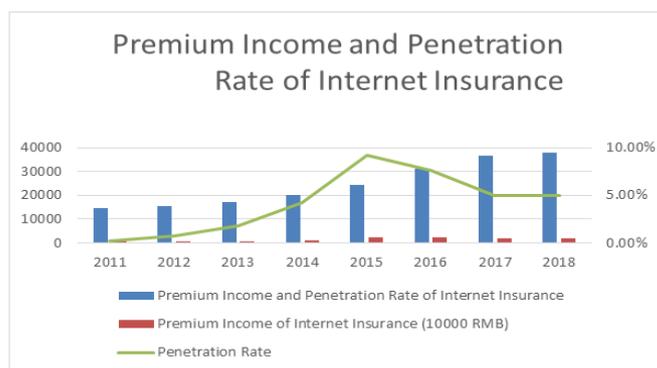
**Keywords:** Internet insurance, Imbalance between supply and demand, Probit model.

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## INTRODUCTION

The definition of Internet insurance by the China Banking and Insurance Regulatory Commission is: Internet insurance business refers to the business of insurance institutions relying on Internet and mobile communication technologies to enter into insurance contracts and provide insurance services through self-operated network platforms and third-party network platforms. At present, the Internet insurance market is mainly composed of traditional insurance companies and their insurance e-commerce companies, Internet insurance companies, third-party platforms, professional intermediary agency platforms, online part-time insurance agency platforms, insurance technology start-ups and other entities. With the accelerated development of China's Internet industry under the "Internet plus" Initiative, China's Internet insurance industry has made a great leap-forward from germination to explosion. From 2012 to 2015, Internet insurance premium income grew rapidly. However, from 2015 to 2017, the premium growth decelerated and the penetration rate of Internet insurance premium also dropped significantly (see Figure-1). The main reason is that the China Insurance Regulatory Commission has tightened the supervision of short-term financial products sold on the Internet, especially the

universal insurance, and the system reform of the administration of the commercial motor vehicle insurance clauses and premium rates has weakened the Internet auto insurance business, leading to the decline of overall premium income of Internet insurance. In October 2018, the report of the 19th National Congress of CPC clearly pointed out: If the insurance industry wants further development, it should be committed to serving the ecological consumption chain of Internet, tapping and meeting the needs of consumers, developing more innovative Internet insurance products and making the Internet insurance more professional and advanced. This fully demonstrates that the development of Internet insurance has been highly valued by China and has pointed out the direction for the development of the insurance industry. However, it should not be overlooked that currently, the supply and demand of Internet insurance in China is unbalanced, and the supply of products is far from meeting the needs of consumers, which greatly impeded the development of Internet insurance. And how to stimulate the huge potential of Internet insurance, better promote the development of the insurance industry, and narrow the gap between the supply and demand of Internet insurance has become key.



**Fig-1: Premium Income and Penetration Rate of Internet Insurance**  
Data Source: Open data from CIRC and Insurance Association of China

Foreign scholars have earlier noticed the imbalance between supply and demand of Internet insurance, and conducted related research on the influencing factors of Internet insurance demand. For example, Se, Hun, Lim [1] and Khare, A. and Singh, S [2], through empirical analysis, believed that consumers' trust in Internet insurance, Internet insurance service quality and Internet insurance security are significant factors affecting the demand of Internet insurance. They also provided some suggestions: Internet insurers should develop marketing strategies in terms of web page systems and information quality, customers' trust in products and services and the reputation of company.

Compared with foreign research, related research was carried out later in China, including: Wang Lei [3] based on Consumer Demand Theory, Environmental Impact Theory and an empirical analysis of China's Internet life insurance market, found that significant factors affecting the willingness to purchase personal online insurance include consumer personal situations, popularity of insurance companies and product security. Shen Zhenru [4], based on Insurance Demand Theory, Maslow's hierarchy of needs and Platform Economic Theory and through a regression analysis, found that economic, demographic and technical factors are significant factors affecting Internet insurance demand.

Based on the above research results, there are various factors influencing the demand for Internet insurance. The micro-factors include personal situations, product security, popularity of insurance companies, Internet security and other factors while the macro-factors include economic, demographic and technical conditions.

Due to different national conditions, the research results of the factors affecting the Internet insurance demand in foreign countries have limited guiding significance for solving the imbalance between the supply and demand of Internet insurance in China. Chinese scholars' research on the influencing factors of Internet insurance demand lacks the overall demand

analysis and commonality summary of the Internet insurance market. Our research group integrates the research and achievements of Chinese and foreign scholars, takes Internet insurance as the research object and explore the factors affecting Internet insurance demand from the perspectives of consumers' personal situation, online consumption, the business performance of insurance companies, Internet insurance products and environmental factors to enrich relevant research concerning demand for Internet insurance. We are also trying to put forward suggestions for solving the existing imbalance between the supply and demand of Internet insurance.

## Research Design

### Theoretical Framework

The Bounded Rationality Hypothesis suggests that the decision-making of individuals is not entirely rational and they do not necessarily seek optimization but satisfaction. Internet insurance consumers are not fully rational when making decisions to purchase Internet insurance. They are often influenced by their own cognition and external environmental factors to make a satisfactory decision, rather than the optimal choice. In addition, Theory of Planned Behavior points out that target object's behavior is affected by his/her intention, while the intention is influenced by attitude, subjective norm and perceived behavior control.

The Bounded Rationality Hypothesis and the Theory of Planned Behavior are widely used in the study of consumer behavioral decision-making. Fan Xiaoping, Lu Yanfeng and Han Hongye [5] explored the impact of online shopping environment on consumer decision-making from the perspective of bounded rationality. In the study of the purchase intention of Internet life insurance, Wang Lei [3] used the Theory of Planned Behavior to select some factors, such as consumers' basic personal situations, their habits of Internet use and the perceived value of Internet life insurance.

Based on the Bounded Rationality Hypothesis and the Theory of Planned Behavior, our research team established a theoretical framework, arguing that

consumers' personal attitudes, subjective norms and behavior control will affect their purchase intentions of Internet insurance. And personal attitudes, subjective norms and behavior control of bounded rational consumers' purchase intentions are further divided into five dimensions: consumer personal characteristics, consumer online consumption, perceptions of Internet

insurers and their operations, understanding of Internet insurance products, and environmental factors. Thus, we explore the key factors that have a significant impact on consumers' decision-making to purchase Internet insurance. The theoretical framework is shown in Figure-2.

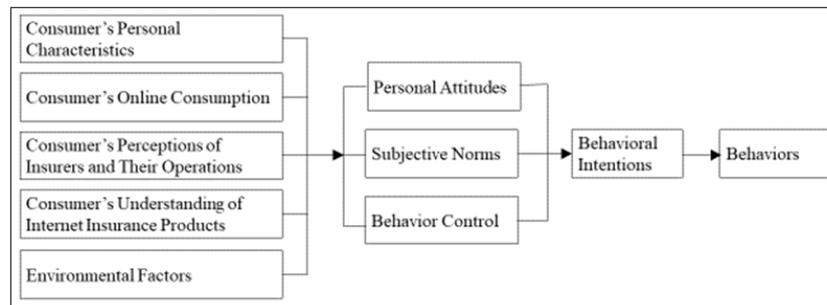


Fig-2: Theoretical framework

### Data Source

The data were obtained from online questionnaires distributed in 27 provinces and questionnaires obtained by members of the research team visiting five cities, covering North China, East China, South China, Central China and Southwest China. The questionnaires were randomly distributed and the respondents were not limited to groups to ensure that survey results are sufficiently scoped, grouped, and hierarchical. A total of 500 questionnaires were handed out and 500 were collected. After eliminating the invalid ones, we have 474 valid questionnaires.

### Variables Selection

According to the Bounded Rationality Hypothesis and combined with the current situation of the Internet insurance industry, it can be seen that consumers can only make bounded rational choices because of differences in factors such as age, gender, education level, income and cognitive bias. Therefore, in investigating the impact of consumer demand preferences on Internet insurance sales, personal characteristics and cognitive bias of consumers should be fully considered with. Accordingly, our research team divided 18 factors into consumer personal characteristics, consumer online consumption, perceptions of Internet insurers and their operations, understanding of Internet insurance products and environmental factors to analyze and screen out the significant factors. The "personal characteristics of consumers" dimension includes variables such as age, gender, income, education, marital status, etc., in order to explore the impact of different consumer personal characteristics on Internet insurance purchase demand. The "consumer online consumption" includes Internet skills proficiency, monthly online shopping frequency, and whether or not to purchase freight insurance during online shopping. The "perceptions of Internet insurers and their operations" includes four variables: popularity

of insurance companies, understanding of diverse channels, complexity of purchase process and complexity of claim process. The "understanding of Internet insurance products" includes four variables: product reliability, product security, product affordability and product innovation. The "environmental factors" includes two variables: the security of personal information and the influence of purchases made by people around the consumer.

After the selection, we classified variables, calculated the proportion of each option made by consumers and their willingness rate to pay for Internet insurance under different options (hereinafter referred to as "Internet insurance willingness rate"). Through analysis, we know that:

From the perspective of consumer personal characteristics: consumers aged between 25 and 35 have a stronger willingness to insure, and the insurance willingness rate of this group is 89.29%. The willingness rate of women is 88.8%, which is higher than that of men. Married people have a higher willingness to insure than unmarried people, which is 85.09%. The willingness rate of people with a bachelor's degree is 90.37%, which is higher than that of other academics. Consumers with an income ranging from 3,000 to 5,000 RMB have the strongest willingness to buy Internet insurance products, and the willingness rate of this group is 85.04%.

In terms of online consumption: consumers who shop online 6 to 10 times a month have a higher willingness rate to buy Internet insurance, which is 90.52%. The willingness rate of consumers who never purchased freight insurance is 70.45%, and that of consumers who have ever purchased freight insurance is 89.31%. The descriptive analysis of the influencing factors of Internet insurance purchase willingness is shown in Table-1.

**Table-1: Descriptive Analysis of the Influencing Factors of Internet Insurance Purchase Willingness**

Dimension	Variable	Assignment	Insurance Willingness Rate (%)	Frequency (%)	Mean Value	Standard Deviation	Minimum Value	Maximum Value
	Insurance Willingness (Y)	0=No			0.84	0.59	0	1
		1=Yes						
Personal Characteristics of Consumers	Age (X <sub>1</sub> )	1=Under 25	75.27	30.00	2.03	0.33	1	5
		2=Between 25 and 35	89.29	45.16				
		3=Between 35 and 45	89.29	18.06				
		4=Between 45 and 55	72.22	5.81				
		5=Over 55	66.67	0.97				
	Sex (X <sub>2</sub> )	0=Male	80.54	40.32	0.60	0.00	0	1
		1=Female	88.80	59.68				
	Marital Status (X <sub>3</sub> )	0=Single	82.55	48.06	0.52	0.37	0	1
		1=Married	85.09	51.94				
	Education Level(X <sub>4</sub> )	1= Junior high and below	50.00	3.23	3.45	0.99	1	5
		2=Senior high (Specialized secondary education)	76.92	12.58				
		3=College degree	76.47	21.94				
		4= Bachelor's degree	90.37	60.32				
		5= Master's degree or above	66.67	1.94				
	Income(X <sub>5</sub> )	1=Under 3000 RMB	66.00	16.13	2.37	0.37	1	4
		2=Between 3000 and 5000 RMB	85.04	40.97				
3= Between 5000 and 7000 RMB		91.00	32.26					
4=More than 7000 RMB		84.85	10.65					
Monthly Online Shopping Frequency (X <sub>6</sub> )	1=1~5 times	76.24	21.94	3.67	1.19	1	4	
	2=6~10 times	90.52	37.42					
	3=11~15 times	88.24	32.58					
	4=More than 15 times	85.71	1.29					
Internet Skills Proficiency(X <sub>7</sub> )	1=Very unskilled	33.33	23.55	1.93	0.25	1	5	
	2=Less skilled	50.00	55.48					
	3=Generally skilled	67.86	18.06					
	4=Quite skilled	87.79	1.94					
	5=Very skilled	91.78	0.97					
Freight Insurance Purchase (X <sub>8</sub> )	1=No	70.45	42.81	0.43	0.16	1	3	
	2=It depends	85.50	14.38					
	3=Yes	89.31	42.81					
Perceptions of Internet Insurers and Their Operations	Popularity of Insurance Companies (X <sub>9</sub> )	1=Never heard of	50.00	3.23	2.90	0.41	1	5
		2= Occasionally heard of	79.63	17.42				
		3= Frequently heard of	87.10	30.00				
		4= Know some large-scale well-known insurance companies	84.40	35.16				
		5= Have ever purchased insurance products	88.64	14.19				
Understanding of Diverse Channels(X <sub>10</sub> )	1= Very undiversified	0.00	16.45	2.33	0.42	1	5	
	2= Less undiversified	61.90	43.55					
	3=Generally diversified	75.76	31.94					
	4=Quite diversified	94.07	6.77					
	5=Very diversified	88.24	1.29					
Complexity of Purchase Process(X <sub>11</sub> )	1=Very complex	33.33	23.23	2.12	0.38	1	5	
	2=Quite complex	60.00	48.39					
	3=Simple	68.57	22.58					
	4=Quite simple	90.00	4.84					
	5=Very simple	93.06	0.97					
Complexity of Claim Process (X <sub>12</sub> )	1= Very complex	20.00	23.23	2.11	0.38	1	5	
	2= Quite complex	73.33	50.65					
	3= Simple	67.21	19.68					
	4= Quite simple and efficient	89.81	4.84					
	5= Very simple and efficient	91.67	1.61					
Understand-ing of Internet Insurance Products	Product Reliability(X <sub>13</sub> )	1=Unreliable	40.00	0.77	3.96	0.82	1	5
		2=Less unreliable	83.33	1.92				
		3=Generally reliable	72.62	23.46				
		4=Quite reliable	88.65	48.08				
		5=Very reliable	90.54	25.77				
	Product Security (X <sub>14</sub> )	1=Not secure	50.00	1.15	3.97	0.78	1	5
		2=Less secure	66.67	4.62				
		3=Generally secure	81.69	22.31				
		4=Quite secure	83.33	40.38				
		5=Very secure	92.13	31.54				
	Product Affordability(X <sub>15</sub> )	1=Not affordable at all	80.00	1.54	3.84	0.72	1	5
		2=Quite unaffordable	77.78	5.38				
		3=Generally affordable	74.44	25.77				
		4=Quite affordable	88.62	41.92				
		5=Very affordable	89.19	25.38				
Innovation of product(X <sub>16</sub> )	1=Not innovative at all	70.00	2.69	3.68	0.62	1	5	
	2=Less innovative	83.87	10.00					
	3=Generally innovative	78.02	27.31					
	4=Quite innovative	86.36	36.54					
	5=Very innovative	89.71	23.46					
Environmental Factors	Personal Information Security (X <sub>17</sub> )	1=Not safe at all	75.00	15.48	2.39	0.40	1	5
		2=Less safe	60.00	42.26				
		3=Generally safe	80.41	31.29				
		4=Quite safe	87.79	9.68				
		5=Very safe	95.83	1.29				
	Influence of Purchases by People around (X <sub>18</sub> )	1=Not influenced at all	60.00	17.10	2.28	0.39	1	5
		2=Influenced a little	92.68	54.19				
		3= Generally influenced	58.14	13.87				
		4= Slightly influenced	88.10	13.23				
		5=Influenced a lot	86.79	1.61				

In terms of perceptions of insurer' operations: consumers have a higher willingness rate to insure for well-known large insurance companies which have more easy-to-operate purchase process and more simple and efficient claim process. And 61.90% of consumers believe that currently, the Internet insurance channels they know are relatively undiversified.

From the perspective of understanding of Internet insurance products: 48.08% of consumers believe that Internet insurance products are quite reliable and 40.38% think Internet insurance products are quite secure. Also, 41.92% hold the view that Internet insurance products are quite affordable and the proportion of consumers who think Internet insurance products are quite innovative is 36.13%.

Environmental factors: 45.20% are concerned about the personal information security related to Internet insurance purchase and 54% believe that

$$P_i = F(\beta_i, X_i) = \alpha + \beta_1 X_{i1} + \beta_2 X_{i2} + \dots + \beta_i X_{ii} + \varepsilon \quad i=1, 2, \dots, n \dots\dots\dots (1)$$

In this formula, y represents the unobserved variables or latent variables. When  $y > 0$ , it means that the consumer has ever bought the product; when  $y = 1$ , it means that the consumer is willing to buy; when  $y = 0$ , it means that the consumer is unwilling to buy;  $x_1, \dots, x_i$  represent factors influencing consumers'

$$Probit(y) = \Phi(\alpha + \beta_0 + \beta_1 X_1 + \dots + \beta_i X_i) \dots\dots\dots (2)$$

In the formula above, y is the dependent variable that is actually observed, indicating consumer purchase intention. 0 means that the consumer is willing to buy and 1 means that the consumer is unwilling to buy; i represents the number of influencing factors and in this study,  $i=1, 2, \dots, 18$ ; The formula is a standard normal function that is cumulatively distributed.

**Empirical Analysis**

Before the data analysis, we used Cronbach's alpha to measure the reliability of the questionnaires and used KMO and Bartlett's test of sphericity to testify the influencing factors of Internet insurance purchase shown on the questionnaires. After that, we conducted a

whether people around them buy Internet insurance has little effect on their purchase decisions.

**Model Establishment**

When it comes to Internet insurance purchase, we have two kinds of situations: willing to buy ( $y = 1$ ) and unwilling to buy ( $y = 0$ ). There are many factors influencing the decision-making, such as consumer's age, gender, education, income, understanding of Internet insurance products and insurers and environmental factors. Therefore, this is a typical quantitative analysis of binary discrete phenomena. The commonly used models are Probit model and Logit model. Considering that the assignment of some variables is 0, which is not suitable for using Logit model, this study adopts the estimation method of Probit model and we deduces the following formula through the Latent Variable Models which satisfy Classical Linear Model Assumptions:

willingness to purchase Internet insurance;  $\beta_1, \dots, \beta_i$  represent undetermined coefficients. Here we assume that  $\varepsilon$  is independent of the explanatory variable and is in a standard normal distribution. Thus the Probit model that influences the consumer's willingness to purchase Internet insurance can be expressed as:

Factor Analysis on the original variables through SPSS software. The total-scale reliability coefficient of the questionnaire results is 0.770, KMO value is 0.798 and the Sig. value of Bartlett's test is .000 (as shown in Table-2 and Table-3 below), which are all within the acceptable range. That means there is a strong correlation between the original variables and they are suited to the Factor Analysis. After four rounds of gradually adding variables into the model, we came up with six representative factors: monthly online shopping frequency, whether to purchase freight insurance, popularity of insurance companies, complexity of purchase process, product affordability and innovation of products.

**Table-2: Reliability Statistics**

Cronbach's alpha	Alpha Based on standardized items	Number of items
.770	.778	20

**Table-3: KMO and Bartlett's test**

KMO Measure of Sampling Adequacy		.798
Bartlett's Test of Sphericity	Approx. Chi-Square	1374.870
	df	190
	Sig.	.000

Subsequently, we used Stata14 software to perform a Probit regression analysis on Y and the above

six independent variables. From the above Probit model, we drew the results as shown in Table-4.

**Table-4: Probit Regression Coefficient of Factors Influencing Internet Insurance Demand**

	Coefficient	Std.	z
Monthly online shopping frequency (Control group: More than 15 times)			
1=1~5 times	2.189748	1.413332	-0.5803319
2=6~10 times	1.834608*	1.044589	-0.2127487
3=11~15 times	1.626354	1.065107	-0.4612165
Whether to purchase freight insurance (Control group: Yes)			
0=No	1.451841***	0.1903894	-1.824997
Popularity of insurance companies (Control group: Have ever purchased insurance products)			
1=Never heard of	2.135363	1.078464	-4.249114
2=Occasionally heard of	0.4791847*	0.2677408	-0.0455777
Complexity of purchase process (Control group: Very simple)			
1=Very complex	0.5034548	0.44701	-0.3726686
2=Quite complex	0.4520978	0.3999258	-0.3317424
3=Generally complex	-0.0923218	0.2876182	-0.6560431
4=Quite simple	0.4888352*	0.2557106	-0.0123483
Product affordability (Control group: Very affordable)			
1=Not affordable at all	0.5243341	0.4932576	-0.442433
2=Quite unaffordable	0.79734**	0.4002254	-1.581767
3=Generally affordable	0.1081433	0.241454	-0.3650978
4=Quite affordable	0.2198688	0.1983798	-0.1689486
Innovation of product (Control group: Very innovative)			
1=Not innovative at all	1.096509***	0.4027187	0.3071951
2=Less innovative	0.5861138	0.3812284	-0.1610802
3=Generally innovative	0.1901524	0.2495816	-0.2990186
4=Quite innovative	0.0535978	0.1994803	-0.3373763
Note: *, **, and *** indicate significance at 10%, 5%, and 1% levels, respectively.			

The six final variables were significant at 10%, 5%, and 1% levels, respectively. Predicted by the model, the overall percentage of correct predictions is 87.1% (as shown in Table-5).

**Table-5: Model Prediction**

		Predicted		
		Internet insurance purchase willingness		Percentage correct
		0 (=No)	1 (=Yes)	
Internet insurance purchase willingness (%)	0 (=No)	17	33	34.0
	1 (=Yes)	7	253	97.3
Overall Percentage				87.1
a. The cut value is .500				

None of the influencing factors in the consumer's personal characteristics dimension is among the representative factors shown in the results of the Factor Analysis. That means there is no significant factor in this dimension. With the popularization of culture and the awakening of consumers' awareness of gender equality and insurance purchase, there is no significant difference between male and female consumers in the need of risk prevention and control. In addition, the advancement of science and technology has promoted the emergence of Internet insurance, which has reduced the cost of providing insurance products and reduced the premiums. This has enabled more low and middle-income consumers to afford premiums, so the demand for Internet insurance is no longer significantly limited by consumers' income.

In terms of online consumption, when other variables are consistent, we used "more than 15 online purchases per month" as the reference group. The regression coefficients of "6-10 online purchases per month" and "more than 15 online purchases per month" both passed the significance test at 10% level, and the signs were positive. It can be seen that compared with consumers with a low frequency of monthly online shopping, those with a higher frequency of monthly online shopping are more willing to purchase Internet insurance. Also, we used "have ever purchased freight insurance" as the reference group. The regression coefficients of "never purchased freight purchase" passed the significance test at 5% level, and the sign was positive. That means when other variables are consistent, consumers with experience of buying freight insurance are about 1.45 times more willing to buy Internet insurance than those without experience of

buying freight insurance. It can be seen that people with experience of buying Internet insurance are relatively familiar with and trust Internet insurance products, and it is easier for them to buy Internet insurance again.

In terms of perceptions of Internet insurance companies, "popularity of insurance companies" and "complexity of purchase process" have significant effects on the willingness to purchase Internet insurance. In terms of popularity of insurance companies, when other variables are consistent, we used "often heard of insurance companies" as the reference group. The option of "occasionally heard of insurance companies" passed the significance test at 10% level, and the sign was positive. This shows that insurance companies which are more well-known are more likely to win the trust of consumers and the Internet insurance products they provided are more likely to be chosen by consumers. In terms of complexity of purchase process, we chose "very simple purchase process" as the control group and the option of "quite simple" passed the significance test at 10% level, and the sign was positive. To put it in another way, the simpler the purchase process is, the stronger the consumers' willingness to purchase Internet insurance. Simple purchasing process can improve user experience and reduce the loss of passenger flow from product to order transaction.

In terms of understanding of Internet insurance products, product affordability has a significant impact on the insurance willingness rate. With the reference group of "Internet insurance products are affordable", the option of "Internet insurance products are quite unaffordable" passed the significance test at 5% level, and the sign was positive. This indicates that Internet insurance products which are more affordable can significantly enhance consumers' willingness to buy. In addition, in terms of product innovation, we used "very innovative" as the reference group. The option of "not innovative at all" passed the significance test at 1% level, and the sign was positive. This means that the more innovative Internet insurance products are, the more willing consumers are to buy them.

### **Empirical Analysis Conclusion**

Through the regression analysis of Probit model, the following conclusions are drawn:

Consumers who have experience of online shopping, especially those who have experience of buying Internet insurance, are more willing to buy Internet insurance. Additionally, in the process of understanding and choosing Internet insurance products, consumers pay more attention to the popularity of insurance companies, complexity of purchase process, product affordability and innovation of Internet insurance products.

## **CONCLUSIONS AND RELATED SUGGESTIONS**

Based on the research results, our research team made the following suggestions in a targeted manner:

### **Development of Scenario-specific Internet Insurance Products**

The study results show that consumers' online consumption has significantly affected their demand for Internet insurance. It is not difficult to find that the emergence and development of the Internet has constantly changed people's consumption and lifestyles. The Internet provides consumers with more affordable and richer products, attracting consumers to shift from offline shopping to online shopping; Changes in consumption scenarios have also led to changes in the risks facing consumers. Only relevant Internet insurance products which are based on different Internet scenarios can meet the new needs of risk protection of consumers. Therefore, in order to increase premium income, insurance companies should focus on innovation, develop innovative Internet insurance products based on different consumption scenarios, expand business structure and take advantage of the Long Tail effect.

### **Make Products Affordable and Creating High Quality Products**

As can be seen from the research results, consumers are paying more and more attention to the affordability of Internet insurance. Consumers generally believe that cost-effective insurance products refer to insurance products that are affordable and highly secure. The price of Internet insurance products is relatively low, which can attract more attention of low- and middle-income earners. Therefore, insurance companies can reduce the cost by relying on the advantages of the Internet platform or segment insurance products by splitting combined risks to reduce the price of insurance products. Additionally, there are Internet insurance products in the market that are not secure or even deviate from the source of protection. This seriously damages the interests of consumers and at the same time damages the image of insurance companies. Therefore, when developing and designing Internet insurance products, insurers should return to the original source of protection and improve the protection quality of insurance products by increasing risks control. In general, insurance companies should respond to both price and service to create cost-effective Internet insurance products.

### **Catering to the Development of the Times and Innovating Products and Marketing Models**

The innovation of Internet insurance is reflected in product development and design, pricing, sales, underwriting, claims and other aspects, all of which stimulate consumer demand for Internet insurance products. At this stage, the development of financial technology provides technical support for

Internet insurance development. If an insurance company wants to promote innovation, on the one hand, it should base itself on diversified needs and differentiated scenarios, and segment consumer groups through big data and other means to tap the needs of consumers and design customized Internet insurance products; on the other hand, currently, with the serious homogenization of Internet insurance products, it is necessary to pay attention to marketing innovation if we want to stand out among many insurance products. As for the presentation of insurance products, insurers can break with the stereotype of insurance, use personalized Internet catchphrases according to fashion trends, combine with new media and add some fashion theme elements such as animation, film and so on for certain groups of customers. These can help create a brand new model of marketing.

### **Optimizing the Purchase Process and Improving Customer's Purchase Experience**

Our survey shows that Internet insurance consumers attach great importance to the complexity of purchase process. From searching for Internet insurance products to entering into insurance contracts, consumers need to take a series of steps, such as browsing insurance products, understanding insurance clauses, purchasing insurance online and so on. In order to optimize consumers' purchase experience, insurers can collect consumer information through Internet of Things, big data and other technologies. By analyzing the risks facing different customers, they can provide consumers with personalized solutions of risk protection and reduce the time and energy spent by consumers when choosing insurance products. Secondly, insurance companies should try to avoid using too many obscure terminologies when formulating insurance clauses. They are supposed to simplify the purchase process, take the Internet skills of most customers into consideration and present the content of Internet insurance products in the form of visual media such as straightforward and easy-to-understand words, pictures and videos. In addition, they should make the web design more aesthetic and user-friendly, give consumers more choices in payment methods, optimize customers' online purchase experience and enhance customers' loyalty to the their own brands.

**[Fund Project] Related research results of the National Project & quot; College Students&#39; Innovative Entrepreneurial Training Plan&quot;**

### **Implementing Differentiated Development Strategy to Improve the Company's Popularity**

As the popularity of insurance companies has a significant impact on consumers' purchase demand for Internet insurance, insurers should implement a differentiated development strategy if they want to maintain or improve brand popularity. On the basis of maintaining the original brand advantages, large-scale well-known insurance companies should increase the application of insurance technology, develop new insurance products according to the changes in consumers' needs and risks facing them, expand product structure, adhere to the core concept of customer experience-orientation and increase the added value of products to maintain their leading position in the Internet insurance market. For small and medium-sized insurance companies, they can find a niche market, focus on a segment of the market, develop products and services which are not easily replaced and build their own core competence, so as to realize brand value and avoid being at a disadvantage in the Internet insurance market with serious homogenization competition.

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