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Factors Influencing Customer Acquisition and Purchase Decisions for Life Insurance Products

An Empirical Study of Aditya Birla Sun Life Insurance

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Abstract **- Life insurance is a long term financial commitment, so customers think carefully before buying. This paper studies the factors that influence customer acquisition and purchase decisions for life insurance products at Aditya Birla Sun Life Insurance. The study is based on the author's On Job Training (OJT) at Aditya Birla Capital and uses a descriptive and exploratory design. It combines internship observations, a structured questionnaire and secondary data from company and regulatory sources. The paper examines the customer acquisition funnel, lead sources, customer awareness, purchase objectives and reasons for not buying. The results show that trust in the brand, suitability of the product and affordability of the premium are the strongest influences on purchase decisions. Referral leads and existing customers convert better than other lead sources, while digital leads give scale but need careful qualification. The paper recommends need based selling, stronger lead scoring, disciplined follow up, simple product communication and ethical selling. The findings are useful to sales managers, advisors and students of marketing and financial services.**

Index Terms **- Customer acquisition, purchase decision, life insurance, sales funnel, lead conversion, customer trust, Aditya Birla Sun Life Insurance, on job training.**

I. INTRODUCTION

Life insurance is different from most products that people buy. The customer pays a premium today for a benefit that may be received many years later, or by the family in case of an unfortunate event. Because the commitment is long and the product is intangible, customers take time to decide. They compare insurers, ask family members and often delay the purchase. For an insurer, this makes customer acquisition, that is, finding and converting new customers, one of the most important business activities.

India has many life insurers, and customers can now compare products, premiums and service experience easily, including on digital platforms. In this setting, a sales representative cannot act only as a product seller. The representative has to act as a financial needs advisor who understands the customer's family responsibilities, income and goals before suggesting a product.

This paper studies the factors that influence customer acquisition and purchase decisions for life insurance products at Aditya Birla Sun Life Insurance Company Limited (ABSLI). It is based on the author's On Job Training (OJT) done at Aditya Birla Capital as part of the MBA programme. During the OJT, the author worked on lead generation, customer calling, follow up, product discussion and sales reporting under supervision, which gave first hand exposure to the sales process.

II. KEY TERMS USED

The terms in Table I are used throughout the paper.

TABLE I KEY TERMS AND MEANINGS

Term	Meaning
Lead	A potential customer whose contact details are available to the sales team.
Prospect	A lead that has been checked and has a fair chance of buying.
Conversion	A prospect becoming a customer through a policy issued.
Premium	The amount paid by the policyholder as per policy terms.
Sum assured	The benefit amount payable as per policy conditions.
Persistency	Continuing to pay premiums on a policy over time.
Cross-selling	Offering another suitable product to an existing customer.
Follow-up	Communication with a prospect after the first contact.
ULIP	Unit Linked Insurance Plan, which combines insurance cover with market linked investment.
Bancassurance	Selling insurance through bank branches and bank partners.
IRDAI	Insurance Regulatory and Development Authority of India, the sector regulator.

III. REVIEW OF LITERATURE AND CONCEPTUAL FRAMEWORK

A. Customer Acquisition Funnel

A customer acquisition funnel shows how a potential customer moves from first contact to purchase and, ideally, to renewal and referral. In life insurance the stages are lead, contact, qualification, meeting, proposal, documentation, underwriting, policy issuance and persistency. Each stage loses some customers, so managers track the conversion rate between stages to find where the process is weak. These rates are the main performance measures in this study (Kotler and Keller [1]).

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B. Buyer Behaviour and the AIDA Model

Consumer behaviour theory explains that a buyer moves through need recognition, information search, evaluation of options, purchase and after purchase experience (Schiffman and Wisenblit [2]). The AIDA model, which stands for Attention, Interest, Desire and Action, is a simple way to apply this to selling (Strong [3]). In insurance, the advisor gains attention by raising a real financial concern, builds interest by explaining the risk, creates desire with a suitable product and then helps the customer take an informed decision.

C. Trust, Service Quality and Planned Behaviour

Trust is central when a customer shares personal financial details and commits to a long contract. Morgan and Hunt [4] showed that trust and commitment are the base of lasting relationships between a firm and its customers. Service quality, as measured by the SERVQUAL model, also shapes how customers judge a service provider [5]. According to the theory of planned behaviour, a person's attitude, the views of family and friends and the sense of control over the decision together shape the intention to buy [6]. This fits life insurance well, because family discussion is common before purchase.

D. Factors Studied

Based on this review and the OJT observations, the study looks at six factors that may influence the purchase decision: trust and brand reputation, benefits and suitability of the product, premium affordability, claim and service confidence, returns or investment potential, and the advisor's recommendation.

IV. OBJECTIVES OF THE STUDY

- To study the customer acquisition process for life insurance products.
- To understand the sales process from lead generation to policy issuance.
- To identify the factors influencing customer purchase decisions and conversion.
- To study customer awareness, purchase objectives and preferences.
- To identify common objections and reasons for not buying.
- To suggest measures for improving customer acquisition and sales performance.

V. Company Profile

Aditya Birla Capital Limited is the financial services holding company of the Aditya Birla Group, with businesses in loans, investments, insurance and payments [7]. Aditya Birla Sun Life Insurance Company Limited is its life insurance company and is registered with IRDAI, the sector regulator, whose disclosures track new business of all life insurers [9]. According to its annual report for FY2024–25, the company reaches customers through more than 65,000 individual agents, 12 bancassurance tie-ups, over 430 own branches and access to more than 28,000 bank branches. In FY2025 its product mix was about 62 percent traditional products, 35 percent ULIPs and 3 percent protection products [8].

VI. Research Methodology

A. Research Design

The study uses a descriptive and exploratory design. The descriptive part explains the acquisition and sales process. The exploratory part identifies the factors that affect customer responses, objections and conversion.

B. Sources of Data

Primary data were collected through customer interactions and discussions during the OJT, observation of the sales process and a structured questionnaire covering age, occupation, income, insurance ownership, purchase objective, buying factors and reasons for not buying. *Secondary data* were taken from the annual reports of Aditya Birla Capital and ABSLI, IRDAI disclosures, product literature and academic books.

C. Sample and Sampling Method

The sample consists of 100 respondents selected by convenience sampling, which was practical because of the limited time and customer access during the internship. The sales funnel analysis uses 200 leads handled during the training period.

D. Tools of Analysis

Frequency and percentage analysis, ranking of factors, sales funnel analysis and conversion rates were used. The main formulas are: contact rate is contacts divided by leads; meeting rate is meetings divided by contacts; proposal rate is proposals divided by meetings; and conversion rate is policies issued divided by leads, each multiplied by 100.

E. Ethical Considerations

Customer details were kept confidential and no personal financial information is disclosed. Products were explained only as per approved company material, and no returns or benefits beyond the policy documents were promised.

VII. DATA ANALYSIS AND RESULTS

Note to author: the figures in Tables II to VII and Fig. 1 are illustrative, taken from the OJT report, and must be replaced with actual internship and survey data before submission.

A. Sales Funnel

Table II and Fig. 1 show the funnel for the 200 leads. Of every 100 leads, 75 were contacted, about 35 reached a meeting and 11 became policies. The weakest step is the move from proposal to policy, where only 40 percent of proposals were converted. The meeting to proposal rate is strong at about 79 percent.

TABLE II SALES FUNNEL

Stage	Number	Percent of leads
Leads received	200	100.0
Leads contacted	150	75.0
Qualified prospects	105	52.5
Meetings completed	70	35.0
Proposals presented	55	27.5
Policies issued	22	11.0

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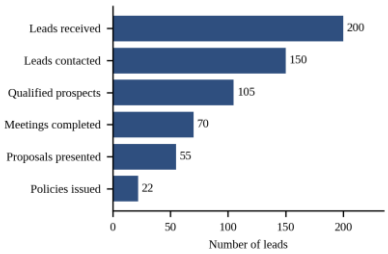


Fig. 1. Sales funnel from leads received to policies issued.

B. Profile of Respondents

Table III shows that young and middle aged adults dominate the sample. About 60 percent of respondents are between 26 and 45 years of age, and 48 percent are salaried. Most respondents (60 percent) earn between 3 and 10 lakh rupees a year, so the sample mainly represents middle income households.

TABLE III RESPONDENT PROFILE (N = 100)

Category	Number	Percent
Age 18 to 25 years	20	20
Age 26 to 35 years	35	35
Age 36 to 45 years	25	25
Age 46 to 55 years	12	12
Age 56 years and above	8	8
Salaried	48	48
Business or self employed	22	22
Professional	12	12
Student	8	8
Other occupation	10	10
Income below 3 lakh rupees	15	15
Income 3 to 5 lakh rupees	25	25
Income 5 to 10 lakh rupees	35	35
Income 10 to 20 lakh rupees	18	18
Income above 20 lakh rupees	7	7

C. Awareness, Ownership and Purchase Objective

Awareness is moderate: 52 percent of respondents have moderate awareness and 20 percent have low awareness. About 62 percent already own a policy, but this does not mean the market is fully served, because existing cover may be too small or out of date. Family protection is the main reason for buying (35 percent), followed by savings (22 percent) and child education (16 percent), as shown in Table IV.

TABLE IV AWARENESS AND MAIN PURCHASE OBJECTIVE

Item	Number	Percent
High awareness	28	28
Moderate awareness	52	52
Low awareness	20	20
Already insured	62	62
Not insured	38	38
Objective: family protection	35	35
Objective: savings	22	22
Objective: child education	16	16
Objective: retirement planning	15	15
Objective: investment growth	8	8
Objective: tax planning or other	4	4

D. Factors Influencing Purchase Decision

Respondents ranked the factors that influence their choice. Trust and brand reputation is ranked first, followed by benefits and suitability, and then premium affordability (Table V). Returns and advisor recommendation are ranked lower, which suggests that customers value safety and fit more than the highest possible return.

TABLE V RANK OF PURCHASE FACTORS

Factor	Rank
Trust and brand reputation	1
Benefits and suitability	2
Premium affordability	3
Claim and service confidence	4
Returns or investment potential	5
Advisor recommendation	6

E. Reasons for Not Buying

Among the 38 respondents without insurance, the most common reason is that the premium seems high (36.8 percent), followed by lack of awareness (23.7 percent) and preference for other investments (18.4 percent), as in Table VI. This shows that price perception and weak understanding are the main barriers.

TABLE VI REASONS FOR NOT BUYING (N = 38)

Reason	Number	Percent
Premium seems high	14	36.8
Lack of awareness	9	23.7
Prefer other investments	7	18.4
Low perceived need	5	13.2
Other	3	7.9

F. Lead Source Effectiveness

Referral leads convert best (20.0 percent), followed by existing customers (16.7 percent). Digital enquiries give the largest number of leads (70) but convert at only 8.6 percent, while events and partner leads convert at the lowest rates (Table VII). Trust that already exists explains the strength of referrals, whereas digital leads need stronger qualification.

TABLE VII CONVERSION BY LEAD SOURCE

Lead source	Leads	Policies	Conversion %
Referrals	40	8	20.0
Digital enquiries	70	6	8.6
Existing customers	30	5	16.7
Events and campaigns	35	2	5.7
Partner and other	25	1	4.0
Total	200	22	11.0

VIII. DISCUSSION AND FINDINGS

The results and the OJT observations lead to the following main findings.

- **Trust comes first.** Trust and brand reputation is the top ranked factor, which matches the literature on relationship marketing [4].

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- **Fit matters more than price alone.** Benefits and suitability rank above premium affordability, although a high premium is still the biggest reason for not buying.
- **Lead quality matters as much as lead quantity.** Referrals and existing customers convert far better than digital, event and partner leads.
- **The closing stage is the weak point.** Only 40 percent of proposals become policies, so unresolved objections and product mismatch are likely causes.
- **Awareness is limited.** Half of the respondents have only moderate awareness, and unclear product features delay decisions.
- **Insured does not mean fully covered.** Many existing policyholders may need a review of their cover, which is an opportunity for need based selling and cross-selling.
- **Follow-up is essential.** Life insurance decisions are rarely instant, and regular, useful follow up keeps the prospect engaged.

The common objections observed were that the premium is high, the customer already has insurance, the customer wants to decide later, the customer does not trust insurance, the customer prefers investment products and the customer fears a long lock-in. These were best handled by listening, explaining clearly and avoiding pressure.

IX. RECOMMENDATIONS

- **Score leads.** Use simple indicators such as age, income, dependants, existing cover and willingness to meet, so that time is spent on the right prospects.
- **Grow referrals.** Ask satisfied customers for referrals after service value is delivered, with their consent and respect for privacy.
- **Sell by need.** Start the conversation with family responsibilities, loans, children's goals and retirement plans, not with product names.
- **Follow up with discipline.** Give every lead a next action and a date, and track pending leads on a simple CRM dashboard.
- **Simplify communication.** Explain terms such as policy term, premium payment term, sum assured and exclusions in plain language, with examples.
- **Improve digital response.** Respond quickly to online enquiries and segment them by source and level of interest.
- **Measure quality with quantity.** Track persistency, complaints and cancellations along with policies sold, so that growth is sustainable.
- **Educate customers.** Share short content on protection needs, term insurance and nomination to build confidence.

X. LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

The study has some limitations. The internship period was short, the sample was chosen by convenience, and responses may carry personal bias. Actual company sales data are confidential, and insurance purchase decisions take a long time to observe. The study is also limited to one insurer. Future research can use a larger random sample, test the relationships with statistical methods such as regression, and compare several insurers and cities.

XI. CONCLUSION

Customer acquisition and purchase decisions in life insurance depend on trust, correct identification of needs, suitability of the product, affordable premiums, clear communication and regular follow up. Aditya Birla Sun Life Insurance has a wide distribution network and a diverse product range, and these strengths work best when combined with a customer centred sales approach. Policy issuance is only one stage; service, persistency, referrals and ethical selling decide long term success. For the author, the OJT also showed how classroom ideas such as segmentation, consumer behaviour and relationship management work in a real sales environment.

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