

Relationship of Service marketing Mix on purchase Decision of Ping An life

Insurance Co.,Ltd

Abstract

This study examines the impact of the 7P service marketing mix on purchase decisions at Shandong Ping An Life Insurance. Using a mixed-methods approach and a sample of 429 customers, the research employs multiple linear regression to test seven hypotheses. The findings reveal that Physical Evidence ($\beta=0.343$) has the most significant positive influence, followed by People, Promotion, and Product. Conversely, Price, Place, and Process showed no statistically significant impact. Demographic analysis shows the primary consumer base is females aged 36-45 with moderate income and higher education. Despite the influence of certain factors, overall customer satisfaction remains neutral, with only the "purchase process" scoring above average. Recommendations include enhancing brand tangibility, optimizing staff training, and refining targeted promotion strategies to bolster market competitiveness.

Keywords: Service Marketing Mix, Purchase Decision, Shandong Ping An Life

Introduction

The insurance industry serves as a critical stabilizer of social and economic development. Driven by rising incomes and stronger risk awareness, global and Chinese insurance markets have expanded rapidly. China's insurance premium income grew from 460 million yuan in 1980 to over 4.5 trillion yuan in 2024, with an average annual growth rate exceeding 20%, making it the world's second-largest insurance market (Sun Jiuchao, 2012).

Against accelerating population aging—with those aged 60+ reaching 264 million (18.7%) and projected to exceed 25% by 2030—life insurance plays an increasingly vital role in pension, health, and wealth inheritance arrangements, indicating substantial market potential (Ma Zihan, 2024). However, intensified competition from traditional insurers and internet-based entrants, along with higher consumer expectations for professionalism, convenience, and service quality, challenges life insurance companies to refine their service marketing strategies (Yang Shujun, 2024).

Traditional 4P marketing theory is insufficient for service industries due to intangibility and inseparability. The expanded 7P Service Marketing Mix—adding People, Physical Evidence, and Process—provides a comprehensive framework for insurance services (Zhao Yang & Miao Haimin, 2023). Each dimension (Product, Price, Place, Promotion, People, Physical Evidence, Process) jointly shapes customer experience and purchase decisions (Zhang Y. C., 2022).

As a leading branch in its regional market, Shandong Ping An Life Insurance benefits from strong group branding, diversified products, multi-channel distribution, and professional agent development (Luo Min, 2003; Huang X. M., 2010). Yet rising competition and evolving consumer demands require a clearer understanding of how 7P elements influence purchasing behavior (Zhang Yuanchang, 2022).

This study empirically examines the impact of Shandong Ping An Life's 7P service marketing mix on consumer purchase decisions. The findings will support strategy optimization, enhance competitiveness and customer satisfaction, and enrich marketing applications in the life insurance sector.

Research Objectives

To investigate the Service marketing Mix factors that affect the life insurance purchase decision of Ping An Life Insurance Co., Ltd.

Literature Review

Service Marketing Mix

This study utilizes the 7Ps Service Marketing Mix (Product, Price, Place, Promotion, People, Process, Physical Evidence) to examine purchase decisions for Ping An Life Insurance in Shandong. The 7Ps model is a vital analytical tool for the intangible, high-risk insurance sector, assuming that consumer decisions are shaped by perceptions of each element (Gronroos, 1982; Zeithaml, 1988).

Product: Focuses on policy design and coverage. Effective risk protection and claims convenience enhance purchase intention, while complex terms reduce trust (Wang Kun, 2024; Zhang Xiaoxin, 2024).

Price: Represents a long-term commitment. Consumers weigh premiums against affordability and perceived fairness; balanced pricing increases demand (Huang Xiaomin, 2010; Zhang Tao, 2003).

Place (Distribution): Multi-channel accessibility—via agents, banks, and digital platforms like Ping An's "Golden Butler" APP—improves reach and efficiency (Gao Liying, 2021).

Promotion: Includes advertising and education. Transparent communication and higher financial literacy strengthen customer acceptance (Xing Dawei et al., 2024; Sheng Zhiming & Li Shuhua, 2024).

People: Professionalism and reliability of staff directly influence satisfaction. High-quality interactions drive value, whereas poor service leads to churn (Zhao Qi, 2019; Han Jie, 2019).

Process: Streamlined underwriting and claims procedures reduce perceived risk. Technology-driven efficiency is critical for positive decisions (Zhao Meina, 2021).

Physical Evidence: Tangible cues like branding and digital interfaces signal reliability. Ping An's strong corporate image enhances confidence in this trust-based industry (Suqi et al., 2024).

In conclusion, optimizing these seven elements collectively strengthens customer trust and loyalty, ultimately improving Ping An's competitive advantage and market performance.

Purchase Decision

Insurance purchase decision refers to the decision made by consumers to purchase insurance after evaluating various factors such as product or service attributes, prices, brands, etc. This decision-making process may be influenced by various factors such as peopleal preferences, needs, income levels, and market environment. In life insurance marketing, purchasing decisions are particularly important because life insurance products are often long-term, complex, and intangible. Consumers need to make purchasing choices based on an assessment of future risks and trust in insurance companies (Wang Kun, 2024).

Theoretical framework

Based on the above variable relationships, this study establishes the following theoretical framework:

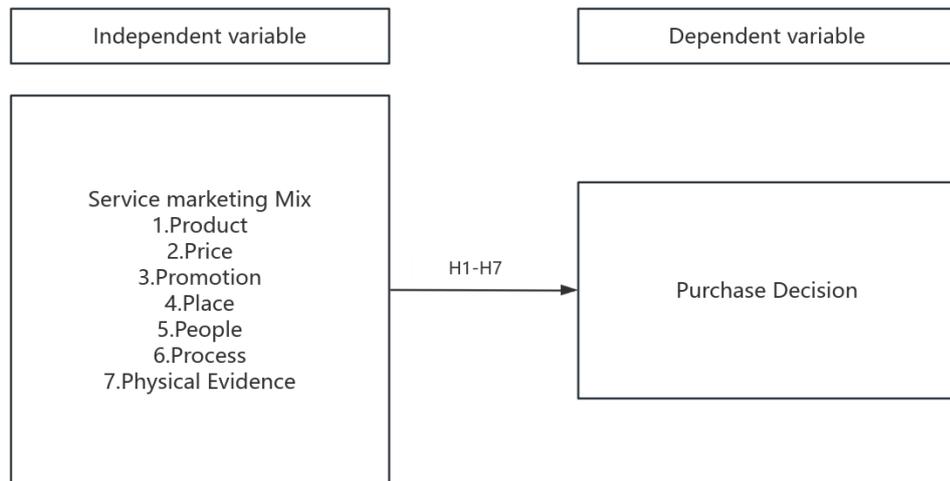


Figure 1 Theoretical Framework Diagram

Research Methods

This section presents the research methodology adopted to examine the relationship between the Service Marketing Mix and customers' purchase decisions toward Ping An Life Insurance in Shandong Province. The study employs a mixed-methods research design, integrating quantitative and qualitative approaches to provide both breadth and depth of analysis. Quantitative data offer measurable patterns and statistical relationships, while qualitative data provide contextual understanding of customer motivations, attitudes, and experiences. This pragmatic approach enhances the reliability, validity, and explanatory power of the findings.

The target population consists of customers in Shandong Province who have purchased life insurance from Ping An Life Insurance Co., Ltd. Since the exact population size is unknown, the Cochran formula was used to determine the sample size. With a 95% confidence level, 5% margin of error, and an estimated proportion of 0.5, the required sample size was calculated as 385, which was increased to 429 to account for potential non-responses.

A structured questionnaire served as the primary research tool, comprising two parts: demographic variables and a Service Marketing Mix scale. The demographic section included screening and background questions on gender, age, income, and education. The main scale, adapted from prior studies, measured seven dimensions of the Service Marketing Mix—Product, Price, Place, Promotion, People, Process, and Physical Evidence—along with Purchase Decision, using a five-point Likert scale.

To ensure research quality, validity and reliability tests were conducted. Item-Objective Congruence (IOC) analysis with three experts confirmed strong content validity, as all items met acceptable thresholds. Reliability analysis using Cronbach's alpha and CITC indicated excellent internal consistency for the overall scale and each dimension, demonstrating that the instrument is stable and suitable for further analysis.

Data were collected from January 15 to February 15, 2025 through both online and offline channels across urban and rural areas in Shandong Province, supplemented by secondary textual data such as academic literature, industry reports, and regulatory documents.

Finally, data analysis involved descriptive statistics to summarize customer characteristics and perceptions, followed by multiple regression analysis to examine how the seven Service Marketing Mix elements influence purchase decisions. This analytical approach provides evidence-based insights for optimizing Ping An Life Insurance's marketing strategy and improving customer satisfaction and retention.

Research results

A total of 800 questionnaires were collected in this survey. In the subsequent data analysis, as the research focused on customers who had purchased life insurance products from Ping An Life Insurance Company of Shandong, 371 data points indicating "no" (i.e., not purchasing such products) were excluded. The final valid sample of 429 cases (accounting for 53.63%) was selected as the basis for analysis. Demographically, the distribution shows women accounting for 58.13% (465 individuals) and men 41.88% (335 individuals), indicating a slight female majority. The age structure predominantly features those aged 36-45 (44.75%, 358 individuals), followed by 26-35-year-olds (26.63%, 213 individuals). The 20-25 and over-56 age groups account for relatively smaller shares (3.50%, 28 individuals and 4.25%, 34 individuals respectively), reflecting a mid-career demographic profile. Income distribution reveals the highest proportion (44.75%, 358 individuals) in the 60,000-100,000 range, followed by 30,000-60,000 (24.50%, 196 individuals) and 100,000-150,000 (23.00%, 184 individuals). Both income brackets below 30,000 and above 150,000 each comprise less than 5% (4.25% and 34 individuals respectively), demonstrating that the sample primarily consists of middle-income earners. In terms of educational background, associate degree holders account for the largest proportion (46.25%, 370 individuals), followed by bachelor's degree holders (30.00%, 240 individuals). High school, secondary vocational, and technical school diplomas make up 17.50% (140 individuals), while junior high school and below, as well as master's degrees or higher, represent relatively lower proportions (1.88%, 15 individuals and 4.38%, 35 individuals respectively). The overall educational structure is dominated by associate and bachelor's degrees, aligning with the common educational distribution characteristics of target customers for life insurance products.

Multivariate linear regression analysis table

	Non-standardized		Standardizati		p	collinearity	
	coefficient	standard	on factor	t		diagnostics	tolerance
	B	error	Beta			VIF	
constant	0.112	0.259	-	0.432	0.666	-	-
product	0.171	0.052	0.177	3.321	0.001**	7.331	0.136
price	0.050	0.035	0.042	1.429	0.154	2.248	0.445
Place distribution place	0.022	0.046	0.024	0.483	0.629	6.587	0.152
sales promotion	0.160	0.044	0.186	3.610	0.000**	6.817	0.147
peoplenel	0.227	0.051	0.227	4.457	0.000**	6.694	0.149
Physical Evidence	0.266	0.034	0.343	7.837	0.000**	4.930	0.203
process	0.058	0.046	0.063	1.262	0.208	6.324	0.158
R ²				0.836			
Adjust R ²				0.834			
F				F (7,421)=307.173,p=0.000			
D-W price				2.007			

Note: The dependent variable = purchase decision

* p<0.05 ** p<0.01

As shown in Table 4.10, the multiple linear regression analysis demonstrates strong overall fit for the model with "purchase decision" as the dependent variable and seven dimensions of the marketing mix (product, price, place, promotion, peoplenel, Physical Evidence, and process) as independent variables. The R² value reaches 0.836, with an adjusted R² of 0.834, indicating these seven variables account for 83.4% of the variance in purchase decisions—a testament to the model's explanatory power. The F-test result (F(7,421)=307.173, p=0.000 <0.01) confirms statistical significance, demonstrating that the combined effect of all seven independent variables significantly influences purchase decisions. Additionally, the Durbin-Watson (DW) value of 2.007 (close to 2) suggests no significant autocorrelation, confirming high data reliability.

The regression coefficients of the four dimensions—product ($\beta=0.177$, $t=3.321$, $p=0.001$), promotion ($\beta=0.186$, $t=3.610$, $p=0.000$), peoplenel ($\beta=0.227$, $t=4.457$, $p=0.000$), and physical display ($\beta=0.343$, $t=7.837$, $p=0.000$)—were statistically significant at the 0.01 level ($p<0.01$). Among these, physical display showed the strongest positive coefficient (0.343), exerting the most significant influence on purchase decision-making, followed by peoplenel (0.227), promotion (0.186), and product (0.177). This indicates that enhancing these four dimensions can significantly promote customers' decisions to make purchases. However, three dimensions—price ($\beta=0.042$, $t=1.429$, $p>0.05$), place ($\beta=0.024$, $t=0.483$, $p>0.05$), and process ($\beta=0.063$, $t=1.262$, $p>0.05$)—did not reach statistical significance. This suggests their impact on purchase decision-making remains insignificant when controlling for other variables.

Discussion and Conclusions

The study, based on 429 valid responses from Shandong Province, confirms that Physical Evidence, People, Promotion, and Product significantly and positively affect purchase decisions, while Price, Place, and Process do not show significant direct effects. Among all factors, Physical Evidence is the strongest predictor, highlighting the importance of tangible cues—such as professional materials, service environment, and standardized documents—in reducing uncertainty and enhancing perceived reliability in intangible insurance services (Qiu, 2024). People is the second most influential factor; professional, ethical, and knowledgeable employees are critical for building trust in complex, long-term insurance products (Han, 2019; Wu & Martin, 2015). Promotion plays an informative and persuasive role, particularly when focused on value communication rather than price discounts. Product remains the foundation of purchase decisions, as customers prioritize clear coverage, reasonable terms, and practical protection benefits.

Demographically, customers are mainly middle-aged (36–45), middle-income (60,000–100,000 RMB annually), and moderately educated, which explains their focus on risk protection rather than price sensitivity. Customer evaluations across all 7Ps are generally neutral (2.5–3.1), indicating that Ping An meets basic expectations but lacks strong competitive differentiation. Notably, while the purchase process is perceived as smooth (3.159), dissatisfaction with after-sales and claims services weakens overall process performance.

Discussion.

The prominence of Physical Evidence and People aligns with trust-based service theory in insurance marketing (Qiu, 2024; Li et al., 2024). The insignificance of Price reflects the sample's stable middle-income profile and risk-averse preferences—customers value coverage security over cost (Zhang, 2024; Yu, 2024). Place is insignificant due to industry-wide

multi-channel homogeneity, eliminating its competitive advantage (Hu, 2008; Chen, 2009). The mixed effect of Process results from a contradiction between efficient purchasing and weak post-sale services, consistent with prior findings on service quality gaps in Ping An Life (Sun, 2012; Lin, 2021).

Recommendations.

Three strategic actions are proposed. First, strengthen Physical Evidence by upgrading promotional materials, modernizing branch environments, improving digital interfaces, and standardizing documents to enhance professionalism and transparency (Zhang, 2024). Second, optimize People management through systematic training, ethical sales standards, data-driven consultation, and retention incentives to reduce turnover and enhance service quality (Han, 2019; Zhao, 2019). Third, refine Product and Promotion by simplifying policy explanations, offering segmented product bundles (especially for 36–45 age group), and conducting educational marketing through trusted local partners and social media storytelling (Wang, 2024; Jiao, 2022).

Future Research

Future studies should: (1) expand beyond Shandong for cross-regional comparison; (2) incorporate qualitative interviews to explore psychological mechanisms behind trust formation; (3) examine demographic moderating effects; (4) assess the role of big data and digital transformation in improving Process and People (Chen, 2021); and (5) conduct longitudinal research to track evolving customer expectations amid population aging and technological change.

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