

Effect of Promotion Mix on Insurance Product Purchase Decisions: The case of Zurich Kediri, Indonesia

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Abstract: The longer the future we want, the greater the uncertainty risk we face. Insurance offers protection products for the future. If we are sick, if we die, etc., Then by buying insurance products, uncertainty will be reduced. in this case every perason or institution needs to have protection to protect all. Insurance as a provider of risk management services must be able to offer its products to customers or buyers, as a product that can be trusted, can be accounted for. The research involved 60 respondents in Kediri, the sampling technique in this study used the cluster random sampling method, data processing using quantitative analysis. This research used multiple linear analysis methods. The purpose of this research is: (1)To find out the effect of the promotion mix on purchasing decisions for Zurich Insurance products. (2) To find out whether the promotion mix variable (advertising, sales promotion, personal sales and publicity) has a simultaneous influence on purchasing decisions of Zurich Insurance products. Based on the results of research and discussion: (1) Promotion mix (advertising, sales promotion, personal sales and publicity) has a significant influence (directly influencing) the purchasing decision of insurance products in insurance Zurich, Kediri. (2) That promotion mix variables (advertising, sales promotion, personal sales and publicity have a simultaneous influence on purchasing decisions for insurance products in Zurich, Kediri.

Keywords— *Buying decision, Insurance; Promotion mix; Product.*

I. INTRODUCTION

The economic structure in Indonesia in the last 20 years has undergone very rapid changes. This change was marked by the economic emphasis of the manufacturing sector that developed towards the sector in the service sector. Services are activities or actions that can be offered by one party to another and are essentially intangible, and in this case do not get any ownership [1]. And now the sector that is experiencing development is the insurance service industry sector.

The economic situation has an influence on the general insurance industry premium in Indonesia. In the third quarter of 2018 the growth of the Indonesian economy reached 5.20% up compared to the third quarter of 2017 which was only 5.03%. And this is a report on economic growth in Indonesia from 2015 – 2018:



Figure I. Economic growth in Indonesia 2015-2018
 Source: Indonesian Bank, 2018

Economic Sector	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	Growth YOY Q3 2018	Growth YOY Q3 2018
Agriculture, Forestry And Fishery	337	265	306	332	347	272	317	348	359	3.63%	3.90%
Mining And Quarrying	192	196	195	196	196	196	195	200	201	2.63%	1.68%
Manufacturing	512	508	511	525	536	530	534	545	559	4.28%	4.25%
Electricity And Gas Supply	25	26	25	25	26	26	26	26	27	5.58%	5.48%
Water Supply, Sewerage, Waste Management	2	2	2	2	2	2	2	2	2	6.22%	4.58%
Construction	235	245	234	240	251	263	251	253	266	5.64%	6.22%
Wholesale And Retail Trades, Repair of Motor Vehicles	319	318	318	327	337	332	333	343	354	5.04%	4.93%
Transport And Storage	97	98	97	100	105	105	105	108	111	5.87%	7.71%
Accommodation And Food Service Activities	71	72	72	73	74	76	77	78	80	6.97%	6.59%
Information And Communication	117	119	119	126	128	130	131	134	139	8.43%	8.15%
Financial And Insurance Services	97	96	98	99	103	99	102	102	106	3.16%	3.50%
Real Estate Activities	70	70	71	72	72	73	74	75	75	4.19%	3.76%
Business Services	40	41	42	43	44	45	45	47	48	8.80%	8.53%
Public Adm and Defence; Compulsory Social Security	79	85	78	78	80	91	82	84	86	8.16%	7.08%
Education	72	80	72	74	75	85	75	77	80	6.50%	5.41%
Human Health And Social Work Activities	25	27	27	27	27	29	28	29	29	7.79%	7.01%
Other Services Activities	39	40	41	42	43	44	44	46	47	9.28%	9.05%
Gross Domestic Product	2,429	2,386	2,378	2,473	2,551	2,509	2,499	2,604	2,684	5.20%	5.18%

Figure II. Economic growth in Indonesia 2015-2018
 Source: Indonesian Bank, 2018

From figure 2 above we can know that the Financial and Insurance Service sector in every year almost experiences growth. And from here we can conclude that the insurance service industry in Indonesia is developing very well.

Today protection is everything for every individual, the need for security and health is a necessity that is needed both now and in the future by every human being [2]. Because to reduce the risks that occur in the future, security and health insurance are things that are very desirable for every human being. With this, future planning is important for the community. Because the future has a risk of uncertainty. The longer the future we want, the greater the uncertainty risk we face. Insurance offers protection products for the future. If we are sick, if we die, etc., then by buying insurance products, uncertainty will be reduced. So that every person or institution should have protection to protect it all [3].

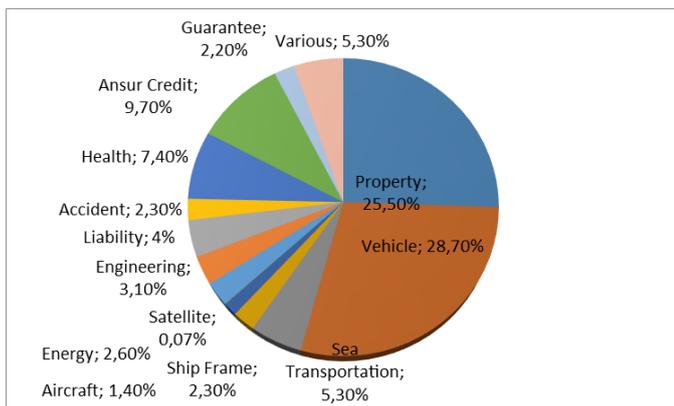


Figure III. Premium market 2018
Source: Indonesian Bank, 2018

This is an illustration of premium market share in 2018, it can be seen that the largest market share is dominated by the contracted vehicle business of 28.7%, followed by successive 25.5% property business lines, 9.7% Ansur Credit and Health 7,4 %.

Insurance as a provider of risk management services must be able to offer its products to customers or buyers, as a product that can be trusted, can be accounted for. With this, many businesses create products that provide security and assurance to consumers. At present there are many insurance service providers in Indonesia, one of which is Zurich Insurance Group. Which in this case Zurich has a variety of insurance products that can be offered to its customers.

Zurich Insurance Group (Zurich) is a leading insurance service provider that serves its customers in local and global markets. With around 53,000 employees, Zurich provides a variety of general insurance and life insurance services in more than 210 countries and regions. Zurich customers include individual customers, small and medium enterprises, large companies, and as well as multinational

companies. Zurich Group has been established since 1872 and is headquartered in Zurich, Switzerland.

Insurance is a security against a financial loss carried out by the insurer [4]. With the need in the insurance sector, business people are competing to get consumers. With increasing market competition, promotion is very important. In essence promotion aims to provide information on our products to consumers, so that consumers are interested in the products or services we offer [5]. While another opinion states that promotion is an activity that communicates product superiority and persuades customers to buy the product [6].

In introducing products and providing information to consumers, businesses can use promotional variables, one of which is the promotion mix [7]. Promotion mix is the best combination of strategies from the variables of advertising, sales promotion, personal selling and publicity, all of which are planned to achieve the objectives of the sales program [8]. Insurance companies have a great opportunity to attract their customers, because the need for security and health insurance is very necessary.

The promotion mix consists of four main tools: advertising, sales promotion, publicity and personal sales [9].

1. Advertising.

Is a form of indirect communication that is based on information about the advantages or benefits of a product, which is arranged in such a way as to create a pleasant feeling that will change one's mind to make a purchase.

2. Sales Promotion.

It is a form of direct persuasion through the use of various incentives that can be regulated to stimulate product purchases immediately and / or increase the amount of goods purchased by customers.

3. Publicity.

It is a form of presentation and dissemination of ideas, goods and services in a non-personal manner, in which people or organizations that are benefited do not pay for it [10].

4. Personal sales.

Is direct communication (face to face) between the seller and prospective customers to introduce a product to prospective customers and shape customer understanding of the product so that they will then try and buy it [11].

Purchasing decisions are a buying decision process not just knowing various factors that will influence the buyer, but based on the role in purchasing and the decision to buy [12]. There are five roles that occur in a decision:

1. Initiator, People who first recommend buying a particular product or service.
2. Giver of influence, People whose views / advice give weight to the final decision.

3. Decision makers, People who really determine part or all of the purchasing decision.
4. Buyers, people who make real purchases.
5. Users, People who consume or use products or services.

The decision-making process in purchasing products is influenced by consumer behavior itself. There are five stages that consumers go through in the purchasing process according to Bilson Simamora (2011: 15), namely:

1. Introduction to the problem
2. Information seeking
3. Evaluate alternatives
4. Purchasing decisions
5. After-Purchase Behavior

Research that analyzes the influence of the promotion mix on purchasing decisions is often done in many fields. Mahmud's research (2014), titled "The Impact of Promotional Mix Elements on Consumers Purchasing Decisions". The results of the study that there is no influence of the promotion mix (advertising, personal selling, sales promotion, publicity and public relations) on consumer purchasing decisions in ceramic and glass companies in Jordan [13]. In the mobile service providers sector the promotion mix has been conducted by Karunanithy (2013), with the title "An Empirical Study on Promotional Mix and Brand Equity: Mobile Service Providers", the results of the study stated that there was a significant influence between the promotion mix on mobile consumer purchasing decisions [14].

In the field of insurance research promotion mix services have been carried out by Marwa (2014), taking the title "Influence Mix Marketing Consumer Decision in Individual Life Insurance Purchase". The results of the study state that there are at least five marketing mixes that have an influence on life insurance purchasing decisions [15]. Shirvastava (2017) conducted a research entitled "Impact Of Promotion Mix Strategies On Consumer Purchase Intention Towards Life Insurance" found that Promotion Mix Strategies could increase consumer insurance purchases in India [16].

The studies on the promotion mix described in the previous paragraph were carried out from various business backgrounds, so that when the variables measured were the same, the results obtained were different. In the insurance industry, especially in Indonesia, research is still rarely conducted on the effect of the promotion mix on purchasing decisions. Therefore, with reference to these studies the researchers wanted to know the effect of the promotion mix on purchasing decisions on Zurich insurance in Kediri.

The formulation of the problem for this research is :

- A. What is the effect of the promotion mix (advertising, promotion, sales, personal sales and publicity) on the purchasing decisions of Zurich Insurance products??
- B. Does the promotional mix variable (advertising, sales promotion, personal sales and publicity) have a simultaneous effect on the purchasing decisions of Zurich Insurance products?

The purpose of this research is:

- A. To find out the effect of the promotion mix on purchasing decisions for Zurich Insurance products.
- B. To find out whether the promotion mix variable (advertising, sales promotion, personal sales and publicity) has a simultaneous influence on purchasing decisions of Zurich Insurance products.

II. METHODS

A. Research Approach

The sample in this study involved 60 respondents in the City of Kediri, the sampling used in this study used the ecluster random sampling method.

The analysis used is quantitative analysis, a method of analysis with numbers that can be calculated or measured. Quantitative analysis is intended to estimate the amount of influence quantitatively from changes in one or several other events using a statistical analysis tool.

Collection of information and research data is done by distributing questionnaires to respondents.

Test the hypothesis with multiple linear regression analysis because this study has the purpose of revealing the relationship between the dependent variable and independent variables with SPSS software.

B. Operational Definition of Variables

Operational definitions and research variables are as follows:

1. Research Variables

Research variables are the object of research or what is the focus of research (Arikunto, 2011: 96). The independent variable is given the symbol X, which is promotion mix. The dependent variable is given the symbol Y, namely the purchase decision.

2. Definition of Operations

- Independent variables
 - Advertising (X1)
 - Nature of Advertising
 - Media Advertising
 - The appeal of advertising
 - Sales promotion (X2)
 - Target sales promotions The appeal of advertising
 - Promotion at the place of purchase
 - Publicity (X3)
 - Product publication
 - Media publications
 - Personal sales (X4)
 - Personal sales function
 - Incentive program
- Dependent variable
 - Purchasing decisions (Y),

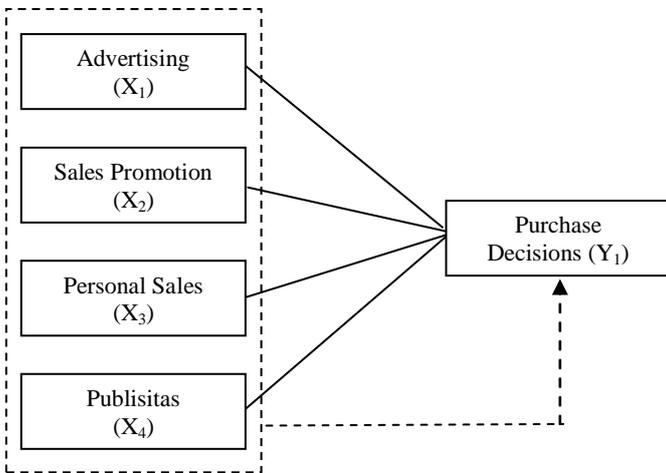
In measuring indicators, the author uses a Likert scale. Sugiyono (2011: 132) "explains that the Likert scale is used to measure attitudes, opinions and perceptions of a person or group of people about social phenomena / research variables". The answer form of the Likert scale is as follows:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Enough to Agree
- 4 = Agree
- 5 = Strongly Agree

C. Thinking Framework

Based on the problems that exist between advertising, sales promotion, publicity and personal sales of purchasing decisions are thought to have a relationship. Following is the picture of the thinking frame:

Figure IV. Thinking Framework



D. Hypothesis

The hypothesis is a seminal answer to the research problem formulation, therefore the formulation of research problems is usually arranged in the form of statement sentences [10]. Based on the above framework, the following hypothesis formulations are taken:

1. There is the influence of advertising, sales promotion, personal sales and publicity on purchasing insurance decisions for Zurich in Kediri.
2. That promotional mix variables (advertising, sales promotion, personal sales and publicity) have a simultaneous influence on purchasing decisions of Zurich Insurance products.

III. RESULT AND DISCUSION

A. Characteristics of Respondents

This study involved 60 respondents of Zurich customers in Kota Kediri. The characteristics of respondents in the study in terms of type of work, gender and level of education can be presented in the following table:

Table I. The characteristics of respondents

Gender		Job		Education	
Male	55%	Government employess	20%	High School	10%
Female	45%	Private employes	42%	Diploma	13%
Age (Year)		Entrepreneur	29%	S1	50%
20-29	20%	Other	9%	S2	20%
30-39	25%			S3	7%
>40	55%				

B. Normality Test

The normality test aims to test the regression model, the residual variable has a normal distribution. The results of the normality test using the SPSS program are as follows:

Normal P-P Plot of Regression Standardized Residual

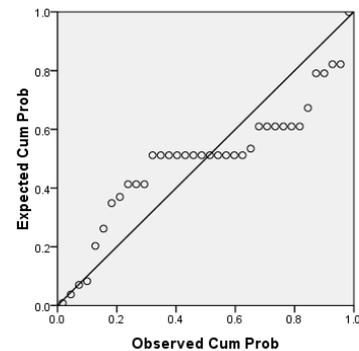


Figure V. Normality Test

Based on Figure 5 the normal probability plot graph above shows that the points spread and follow the diagonal line, thus it can be concluded that the data is normally distributed. Based on these results, the regression model meets the assumption of a normality test.

C. Results of Data Analysis

The method used to test the effect of the promotion mix (advertising, sales promotion, personal sales) on the decision to purchase Zurich Insurance Products is to use the method of multiple linear regression analysis, t test or partial test and F test or simultaneous test. Based on calculations using SPSS the following results are obtained:

Based on the table above shows that multiple regression equations

$$Y = 3,092 + 0,330X1 + 0,275X2 + 0,325X3 + 0,365X4.$$

Based on the results of multiple linear regression analysis using SPSS, the advertising variable coefficient (X1) is 0.330, the sales promotion variable (X2) is 0.275, personal sales (X3) is 0.325, and publicity (X4) is 0.365. While the constant is 3,092, thus the regression equation can be obtained as follows $Y = 3,092 + 0,330X1 + 0,275X2 + 0,325X3 + 0,365X4$. This means that every increase (addition) of advertising variables (X1), sales promotion (X2), personal sales (X3) and publicity (X4) will increase the dependent variable, namely the purchase decision (Y). Based on the results of the calculation of multiple linear regression analysis, it can be seen the amount of influence and partial contribution of each independent variable (X1, X2, X3, and X4) to the dependent variable (Y), as follows:

1. Effect of advertising on purchasing decisions
Based on the results of calculations in table 1 above shows t count of 3.291 with a significance of 0.026 which means <0.05 this means that the advertising variable (X1) significantly influences the purchasing decision (Y).
2. Effect of sales promotions on purchasing decisions
Based on the results of calculations in table 1 above shows t count of 1.907 with a significance of 0.031 which means <0.05 this means that the sales promotion variable (X2) has a significant effect on purchasing decisions (Y).
3. Effect of personal sales on purchasing decisions
Based on the calculation results of table 1 above shows t count of 2.014 with a significance of 0.007 which means <0.05 this means that the personal sales variable (X3) has a significant effect on purchasing decisions (Y).
4. Effect of publicity on purchasing decisions
Based on the results of the calculation of table 1 above shows t count of 1.761 with a significance of 0.034 which means <0.05 this means that the publicity variable (X4) significantly influences the purchasing decision (Y).

Table III. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631 ^a	.398	.380	.374

Table II. Multiple Regression Analysis Result Coefficients^a
(Source : Analisis SPSS)

From the results of the analysis in table 3, the R square value is 0.398, this shows that the independent variables (X1,

MODEL	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	3.09	2.154		7.668	.000
Periklanan	2	.125	.379	3.291	.026
Promosi	.330	.112	.229	1.907	.031
Penjualan	.275	.171	.281	2.014	.007
Penjualan Pribadi	.325	.193	.206	1.761	.034
Publisitas	.365				

X2, X3, and X4) together contribute to the dependent variable Y (Zurich insurance product purchase decision) of 39.8% and after adjusting the value of the remaining 60.2% is influenced by other variables not included in the study.

Tabel IV. F Test Result

Anova^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	20.239	4	5.060	1.368	.001 ^a
Residual	203.494	55	3.700		
Total	223.733	59			

(Source : SPSS Analysis)

F test (simultaneous test) is conducted to test whether there is an effect of independent variables simultaneously on the dependent variable. Based on the results of hypothesis testing summarized in table 3 obtained F count = 1.368 at the significance level of 0.001, because the significance of less than 0.05 indicates that the calculated F value obtained is significant so that the working hypothesis (Ha) in this study is "There is influence simultaneous between marketing mix variables (advertising, sales promotion, personal sales and publicity) to the decision to purchase Zurich insurance products in the Kediri Community".

IV. CONCLUSION

Based on the results of research and discussion on the promotion mix of purchasing decisions, it can be concluded as follows: Promotional mix (advertising, sales promotion, personal sales and publicity) significantly influences (directly influences) the purchasing decisions of insurance products in insurance Zurich, Kediri . That promotion mix variables (advertising, sales promotion, personal sales and publicity) have a simultaneous effect on purchasing decisions on insurance products in Zurich, Kediri.

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