Navigating Barriers: Consumer Behavior and Takaful Penetration in Indonesia

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Abstract. This study investigates the challenges and opportunities in optimizing the branding of Takaful products in Indonesia. Despite the country's large Muslim population, awareness and understanding of Takaful remain significantly low. While consumers are generally familiar with conventional insurance, many are unaware of Takaful or lack a comprehensive understanding of its benefits. This gap underscores the need for targeted awareness campaigns and educational initiatives. The research highlights the importance of effective segmentation in branding strategies. Consumers are divided into non-users and users of Takaful, with non-users further categorized by their awareness and attitudes towards Takaful. Factors contributing to the low knowledge of Takaful include negative word of mouth, agent behavior prioritizing personal branding over education, inadequate marketing, complexity of Sharia concepts, conflicting religious opinions, and agent performance issues. The study employs an ethnographic marketing approach utilizing techniques such as netnography, expert interviews, unstructured interviews, sampling, and in-depth interviews. Conducted in the metropolitan area, the research provides a comprehensive understanding of the issues hindering the penetration of Takaful products. Key findings indicate that many consumers are unaware of Takaful companies and the differences between Sharia and conventional insurance. There is also a significant gap in understanding the concept and benefits of Takaful among those who are aware of its existence. This lack of knowledge is primarily attributed to the role of sales agents and their ineffective educational efforts. Recommendations include enhancing awareness through targeted campaigns, improving agent training, simplifying marketing messages, engaging supportive religious leaders, and promoting community service campaigns. Future research should focus on in-depth consumer segmentation, the impact of digital marketing, and the role of religious leaders in influencing consumer trust and adoption of Takaful.

Keywords: Takaful, Consumer Awareness, Ethnographic Marketing, Segmentation, Islamic Finance.

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1 Introduction

Takaful is founded on the principles of tabarru' (kindness) and ta'awun (mutual help) [1]. The presence of Takaful in Indonesia began in 1994 with the establishment of Indonesian Takaful Insurance. Takaful insurance represents an innovative approach to Sharia finance and a viable alternative to conventional insurance [2]. Despite significant development over the past 25 years, a substantial segment of the population remains reluctant to utilize Takaful services. This hesitation is acutely felt by industry players and regulators who have initiated various activities to overcome barriers to adoption.

Although Indonesia has a majority Muslim population, this demographic advantage does not necessarily translate into widespread adoption of Takaful. Takaful penetration in Indonesia is only at 1.4% [3]. This indicates that despite its potential, the Takaful industry in Indonesia faces challenges in achieving substantial market penetration.

Numerous studies have examined the issues surrounding the adoption of Takaful. One major problem is the limited public knowledge about the program and the advantages of Takaful. This gap in knowledge is largely due to inadequate socialization efforts within the community [4][5][6]. Additionally, there remains a segment of the Muslim community that is resistant to insurance products [7][8]. [6] highlighted that human resources, including Takaful agents, are not fully prepared to explain the Sharia concept. The low market penetration is also attributed to the small number of Takaful agents. There are only about 174,000 Sharia-licensed insurance agents, representing roughly 20% of the total insurance agents in Indonesia, compared to 600,000 conventional insurance agents [9]. There is also a perception that the benefits of Takaful are lower than those of conventional insurance, coupled with a lack of innovation and product differentiation in Takaful offerings.

The identification of these factors does not fully address the root causes of the difficulties in adopting Takaful in Indonesian society. Therefore, further research is necessary to delve deeper into the contextual issues that hinder the development of Takaful sales. Additionally, existing research has not adequately linked consumer issues with the extent to which Takaful companies and related institutions have effectively addressed these adoption challenges through product/service branding principles. It is crucial to evaluate whether the marketing communication activities undertaken align with the adoption problems and whether these efforts are progressively eroding these challenges.

This gap in previous research forms the basis of the current study. Numerous activities aimed at increasing interest in Takaful have been conducted, but many have proven to be ineffective and inefficient. It is imperative for the government and Takaful industry players to understand how best to optimize Takaful branding activities. By doing so, they can strengthen the positive image of Takaful and, in turn, attract more consumers.

2 Literature Review

2.1 Hierarchy of Effect Model

The Hierarchy of Effects Model is instrumental in elucidating the consumer purchasing process and is integral to understanding the Integrated Marketing Communication process. This model encompasses six stages that a consumer traverses before making a purchase: Awareness, Knowledge, Preference, Conviction, Trial, and Action/Purchase. Introduced by [10], this framework illustrates the consumer journey from initial product recognition to the final decision to buy.

The model depicts the consumer journey as a funnel, starting with a broad pool of potential customers at the awareness stage, which narrows down through subsequent stages to a smaller group that makes the purchase. This funneling process highlights the touchpoints between consumers and other actors, revealing the challenges at each stage and providing insights into potential solutions.

This study maps the issues encountered by Takaful products at each stage of the Hierarchy of Effects Model, emphasizing that each problem must be addressed contextually. Without such consideration, marketing communication activities risk being generic and ineffective, resulting in resource wastage. By mapping the adoption issues of Takaful, more effective and efficient marketing communication activities can be designed, ensuring problem-solving at a more reasonable cost.

2.2 Segmentation

The primary challenge in marketing is effectively communicating the value of a product to consumers and convincing them that it aligns with their needs and desires. However, a major obstacle faced by marketers is the diversity among consumers, each with unique values and needs. Using generic messages can make it difficult for consumers to recognize the value of a product.

Segmentation is the process of categorizing consumers based on their common characteristics, allowing them to be grouped according to similar problems and needs. This facilitates more targeted and personalized marketing efforts. Although behavioral factors are widely recognized as important, many researchers and marketers still rely on demographic and psychographic groupings. For instance, research on the adoption of organic food may be based on ethnicity, age, income, and education level [11]. However, segmentation based on demographics and psychographics is often ineffective, as it focuses more on categorizing participants by who they are rather than what they do or think [12].

Behavioral segmentation involves grouping consumers based on shared purchasing behavior patterns or problems. Common behavioral variables include sought benefits, purchase frequency, occasion, purchasing habits, user status, and attitudes towards the product or service [13][14][15].

Understanding consumer behavior towards Takaful requires examining the types of consumption identified in previous studies and field findings. This approach helps narrow the consumer scope and categorize Takaful consumer behavior. Such segmentation aids researchers and stakeholders in gaining insights into Takaful consumers, facilitating the development of a consumer typology to enhance Takaful consumption in Indonesia. Efforts to increase Takaful consumption must include understanding consumer typologies. Typology as an analytical framework helps organize and analyze various concepts. This study employs behavior-based segmentation to classify Takaful consumers.

2.3 Behavioral Segmentation Variables

Length of Commitment. The Takaful industry typically classifies consumers based on the products offered. However, consumers may not fully understand or recognize these products. Legally, Takaful products are financial agreements with specific time frames [16]. Time is a significant factor influencing consumer behavior [17], making commitment an essential consideration for insurance products.

Consumers are segmented based on their commitment duration to Takaful products: short-term and long-term. Commitment length affects brand loyalty, consumer behavior, and decision-making processes [18]. Takaful products are thus divided into those requiring short-term and long-term commitments. Table 1.

Table 1. Short vs Long-term commitment

Short-term Commitment	Long-term Commitment
Motor vehicle insurance	Life insurance
Fire insurance	Health insurance
Accident insurance	Education insurance
	Insurance with investment benefits

Takaful products requiring short-term commitments include motor vehicle, fire, and accident insurance. Products requiring long-term commitments include life, health, education insurance, and insurance with investment benefits. These commitment types influence consumer awareness and behavior towards Takaful products.

Spectrum: Protection vs. Investment. Consumers consider the benefits of Takaful before making a purchase. Sociodemographic and economic factors also influence Takaful demand [19]. Consumer behavior is divided into two spectrums: protection and investment.

Takaful is based on mutual assistance and humanity [1]. [20] indicated that purchasing attitudes towards insurance in Indonesian cities are influenced by perceived risk, usefulness, and health values. Sharia investment products offer financial benefits and protection, appealing to younger consumers.

Consumers' purchasing decisions for Takaful products consider protection and investment benefits. These decisions are influenced by experiential and situational factors. The spectrum of consumer considerations includes the intention to purchase Takaful products for protection or investment.

Spare Money, Mental Readiness, Tech Savviness. Previous studies have shown that insurance demand is influenced by social and economic demographic factors [21][22]. Consumer awareness, perception, and trust also affect insurance purchase intentions [23]. This research classifies Takaful consumers based on behavioral patterns rather than demographics.

Three consumer groups are identified: junior millennials, senior millennials, and baby boomers. Junior millennials (born in 2000) have limited funds, are not mentally prepared, but are tech-savvy. Senior millennials (born between 1980 and 2000) have sufficient funds, mental readiness, and technological proficiency. Baby boomers (born from 1945 to 1980) have ample funds and mental readiness but lower technological skills. These groups exhibit different behaviors in short-term planning and fulfilling protection and investment needs.

Adoption barrier to Takaful. The influence of Islamic beliefs on attitudes and intentions to purchase Sharia life insurance has been studied by [6] and [24]. It has been found that differing opinions among religious experts can impact the acceptance of Takaful. Moreover, the guarantee that the use of takaful does not conflict with the principles of religious beliefs can have a more significant influence on consumer decisions than the perceived risk of failure to use takaful [24].

Interestingly, high understanding of insurance and Sharia concepts does not necessarily correlate with an increase in Takaful demand. Groups with high Islamic knowledge but traditional values often reject insurance [6], while individuals enthusiastic about learning Islam are more likely to purchase Takaful [25].

Studies have identified lack of awareness as one of the main factors causing Takaful shares to lag behind conventional insurance [8][26]. Social influence has been shown to be a factor that can help increase awareness of takaful [26]. Additionally, word of mouth, especially from satisfied female customers with high trust in takaful, has been found to influence takaful purchasing decisions [27].

The role of the agent is significant in takaful adoption [4][27][28][29]. Some studies have highlighted the impact of service quality and the close relationships forged by agents with their customers [4]. Consumers also express concerns about the attitudes of agents [29].

In addition to barriers related to consumers, previous studies have discussed adoption barriers from structural elements such as regulations on the implementation of the takaful industry. It has been observed that takaful often lacks clear regulations compared to conventional insurance, leading to obstacles in developing the takaful business [7]. However, it has been found that when an organization clearly provides guarantees that the implementation of takaful is in accordance with Islamic law, consumers are more willing to adopt takaful [29].

3 Method

3.1 Study design

This research aims to optimize Takaful product branding in Indonesia using qualitative methods through an ethnographic marketing approach. Ethnography is selected to explore complex issues such as attitudes, behavior, value systems, culture, and human lifestyle [30]. It helps researchers capture stories holistically to identify problems closely aligned with real-life scenarios [31][32].

To systematically explore insights and investigate the challenges in the penetration of Takaful products, this research employs various qualitative techniques within the ethnographic framework, including netnography, literature review, product knowledge analysis, internal workshops, mini-group discussions, observations, and in-depth interviews. The study was conducted in the Jabodetabek area, chosen for its significant number of Takaful users, making it representative of the broader issues in Takaful penetration. The findings from this area will provide initial data and knowledge that can be extended to other cities if necessary.

3.2 Data Collection

The research begins with netnographic exploration, an internet-based ethnographic technique aimed at gaining initial knowledge about consumer perceptions and experiences with Takaful. Netnography involves analyzing online forums, websites, and social media platforms to gather comprehensive insights [33]. This stage reveals the problems or obstacles that deter public interest in Takaful, such as limited understanding of the differences between Sharia and conventional insurance and negative experiences with Takaful products. Additionally, the websites of Takaful companies are examined to assess the adequacy of information provided to consumers.

Following netnography, initial external expert interviews are conducted with two respondents: a personal financial advisor and an insurance specialist. These discussions aim to gather additional insights based on their experiences with insurance customers, their stories regarding customer participation in insurance, and their interactions with insurance agents.

Before defining the research scope and selecting segments, five respondents, including three conventional insurance customers and two Takaful customers, were interviewed unstructured. These interviews provided initial information about their experiences and perceptions of insurance.

The research focuses on individuals aged 25 to 45, both men and women, with long-term insurance (life and education). This age range is chosen because these individuals are likely to have a stable and slightly excess income and are family-oriented. The purposive sampling method is employed to select respondents with specific characteristics. In-depth interviews are conducted with 15 respondents.

Table 2. Respondent Profile

Category	Initial/ Age	Profile
Have Short term Insurance	YU (29)	Have had car insurance for 7 years.
	SH (27)	Have had motorbike insurance for 8 years
Have conventional long-term insurance	EK (44)	12 years of education insurance, 8 years of life insurance, and 1 year of pension insurance
	FT (28)	2 years of life insurance
	EL (45)	Have lots of investments in the form of savings, gold, dirhams and unit link insurance for more than 10 years.
	IC (45)	Have had unit link insurance (life, health + investment) for 5 years
	MR (26)	Have had sharia unit link insurance (life and investment) for 3 years
	SB (44)	Have had education insurance and health insurance
	BA (29)	9 years of having health insurance and investments
Have long-term takaful	MS (39)	Had many investments in the form of savings, gold, property and sharia life insurance for 2 years, and has had conventional insurance for 1o years, namely unit link since 2009
	NU (45)	14 years of having sharia education insurance and 6 years of having conventional insurance
	FA (40)	12 years of Sharia and conventional unit link insurance
	IR (45)	9 years of having Sharia education insurance
	YA (45)	13 years of having sharia education insurance and conventional life insurance.
Non-user	NO (29)	Interested in taking insurance as an investment? Currently prefer to invest in the form of savings, gold, business.

The research includes direct observation and in-depth interviews with insurance agents to understand their interactions with prospective customers. This stage is crucial as insurance agents represent the company and can influence whether a customer decides to purchase insurance. Key aspects observed include the information conveyed by the agent, the method of offering insurance products, the questions potential customers ask, the promotional media used, and the agent's understanding of Takaful products.

Additionally, mystery shopping is conducted, simulating a purchase from a full-fledged Takaful company or Sharia unit, to evaluate the information provided to potential customers by the company.

By employing these qualitative techniques, the research aims to comprehensively understand the issues hindering the penetration of Takaful products and develop strategies for more effective and efficient marketing communications.

3.3 Data analysis

Upon completion of the interviews, the researchers carefully sifted through the data to extract the most crucial information while honing in on key elements based on the theoretical framework provided by [34]. This process allowed for a clearer understanding of the data and also paved the way for any additional data collection that might be deemed necessary. The gathered data underwent inductive analysis using content analysis, wherein the researchers identified recurring patterns and organized them into specific themes. This meticulous approach not only facilitated a comprehensive extraction of information but also provided participants with the opportunity to substantiate their viewpoints.

Furthermore, the interviews were transcribed in their entirety, and the data was methodically coded in alignment with the research questions. The coded data was meticulously stored, organized, and rearranged to ensure seamless access for repeated use. To bolster the reliability of the findings, the coding underwent rigorous reevaluation by the researchers. Ultimately, the structured presentation of the data allowed for the generation of conclusive insights from the descriptive results.

4 Results

4.1 Low Awareness

Awareness refers to a person's ability to recognize or remember something. In this study, it pertains to whether consumers are aware of the existence of Takaful products in Indonesia. The research indicates that while consumers are generally familiar with conventional insurance, their awareness of Takaful is significantly lower. Conventional insurance products are well-known due to their long association with the purchase of goods and services, particularly for new vehicles or homes where insurance is often mandatory. This familiarity translates into a general understanding that insurance provides protection benefits.

However, when it comes to Takaful, public recognition remains low. Many consumers are not aware that Takaful products exist, nor do they realize that these products adhere to Islamic law. Despite the large Muslim population in Indonesia, the introduction and promotion of Takaful have not been sufficiently impactful. Most people are more familiar with Sharia banking products than with Takaful, and even those who are aware of Takaful often do not know which companies offer it or understand the differences between Sharia and conventional insurance.

4.2 Lack of Awareness of Companies Offering Takaful

The marketing focus of business people and sales agents tends to lean more towards conventional insurance products. Consequently, the public remains less familiar with full-fledged Takaful companies. Many respondents admitted they could not name a Takaful company, often confusing them with conventional insurance brands.

"*Many of my friends don't know about Takaful because what they often talk about is conventional, right? Moreover, we don't understand what the difference is between Sharia and conventional insurance, it's still not clear to us ordinary people.*" - NU (45)

"*Personally, I still don't know much about Takaful. So far, I haven't had any explanation about Takaful. At that time, the agent didn't really explain what the difference was between the advantages. So I thought let's just go conventional, I'm afraid Sharia will be complicated.*" - BA (26)

4.3 Low Knowledge

For those who are aware of the existence of Takaful, there remains a significant gap in understanding its concept and benefits. In the Hierarchy of Effects or Purchase Funnel framework, the knowledge stage follows awareness. It focuses on what a person knows and understands about Takaful beyond mere awareness of its existence.

This study found that even among those aware of Takaful, many lack a comprehensive understanding of the product's concept and offerings. Their understanding tends to be superficial, lacking depth and breadth.

4.4 Factor Causing Low Takaful Knowledge

A significant barrier to the adoption of Takaful is the low understanding of its concept, primarily attributed to the role of sales agents. Agents are the main touchpoint for customers and play a critical role in educating them. This study identified several key factors contributing to the low understanding of Takaful products, most of which revolve around agent behavior: (1) negative word of mouth, (2) agent related issues, (3) unit link investment feature, (4) inadequate marketing and information, (5) complexity of sharia concepts, and (6) conflicting opinion of religious leaders.

Negative Word of Mouth. Service products with high involvement and contact, such as insurance, are heavily influenced by word of mouth. Unpleasant experiences tend to circulate faster and more widely than positive ones, affecting potential customers' perceptions and decisions.

Agents Prioritizing Personal Branding Over Customer Education. Many insurance agents focus more on building personal rapport and trust rather than thoroughly educating potential customers about Takaful. This often results in a lack of comprehensive understanding among customers, who may trust the agent but do not fully grasp the product's concept.

"*In my opinion, yes, if there is a word sharia, it certainly sets limits for humans regarding what is permissible and what is not permissible. Because we have Islamic rules that we use, so sharia is to distinguish things that do not comply with Islamic rules. But it's still not clear what is allowed or not*", FT (28)

"*from what i understand of sharia, it must be free from usury, because in Islam we don't recognize usury and it is forbidden*." FA (40)

"*Sharia must be in accordance with Islamic teachings, follow the Islamic rules that apply in it according to the Koran and hadith*" EK (44)

"*Sharia... hmmm what is it, basically in my opinion what is safe in this world and the hereafter is because it is impossible to deviate from our religion*" NU (45)

Focus on Unit Link Investment Feature. Agents frequently emphasize the unit link investment feature of Takaful, a concept borrowed from conventional insurance, over the core principle of mutual assistance (Taawun). This focus on tangible benefits like investment returns overshadows the primary purpose of Takaful, leading to a skewed understanding among consumers.

Agents do not promote the main features of sharia insurance, namely the values of goodness, especially mutual assistance, but instead insistently and enthusiastically focus on additional features, namely investment. Many agents overly tout the superiority of sharia insurance investments so that they tend to reduce the value of goodness that should be highlighted and become a characteristic of sharia insurance products that even conventional banking and insurance products do not have. The value of goodness seems to be lost, covered by worldly aspects such as profits, benefits and other tangible bonuses. Not to mention, many agents also equate insurance with the concept of savings so that people increasingly do not understand the advantages of insurance and actually diminish the benefits of protection which has been the main differentiator between insurance and other products. This is what confuses people's understanding of sharia insurance.

Inadequate Marketing and Information. Takaful marketing efforts on websites, social media, and other platforms are less prominent than those for conventional insurance. Non-full-fledged companies, which only have Takaful units, often prioritize conventional insurance information, making it harder for consumers to find relevant details about Takaful.

The information listed is still quite limited. The information presented seems confusing to consumers. They also don't know where, who, and how to get the right information about sharia insurance. This has resulted in misunderstandings regarding the understanding of sharia insurance in the eyes of consumers.

Apart from information from agents and marcom activities, several respondents also obtained information from the experiences of people they know such as friends, relatives, neighbors and so on. In fact, they also felt that they would be more confident if they heard directly from their experiences because it seemed more real and had been experienced by themselves. Stories and information from other people's experiences are used as an understanding. However, the problem is the understanding of the surrounding environment which still experiences misconceptions, especially if the story is about dissatisfaction and discomfort with this product. So, the educational process will be distorted.

"*I don't know what the difference is, it's not just the same, one is wrapped more Islamically, the other is general.*" EK (44)

"It is the same insurance everywhere, whether it's sharia, whether it's ordinary. Usually, if you want to convert to Islam, Islam is not a 100% guarantee of safety." SB (44)

"*I've tried looking for it on the internet, but if I just read it briefly, I just know it but don't understand what it means. You need to explain it to someone who understands, so you don't make a mistake. I was the only one who read it but didn't understand it. At first I felt the same*" FT (28)

Complexity of Sharia Concepts. Understanding the concept of Takaful requires familiarity with various Arabic terms and Islamic financial principles. This complexity, coupled with insufficient explanation from agents, hinders consumers' ability to comprehend Takaful fully.

"*In my opinion, yes if there is a word Sharia, it certainly sets a limit for humans regarding what is permissible and what is not permissible. Because we have Islamic rules that we use, so Sharia is to distinguish things that do not comply with Islamic rules. But it's still not clear what is allowed or not*." - FT (28)

"*I as a lay person am still confused about what the concept of Sharia itself is. What I understand is that it is definitely in accordance with the teachings of the Islamic religion, but I don't understand exactly what it is that's the most I want to ask, especially in the context of insurance itself*." - MR (26)

Conflicting Opinions from Religious Leaders. Religious leaders play a significant role in shaping consumer perceptions of Takaful. However, differing views among religious leaders—some of whom strongly oppose all forms of insurance, including Sharia—create confusion and doubt among consumers.

There are three groups of religious leaders in the context of their role as influencers of sharia insurance products, namely groups that strongly reject, support, and neutral groups. Religious leaders firmly rejected this and loudly voiced their opinion. They consider that all financial products, including insurance, are haram, including sharia. As a result, confusion and doubt arise in society even though it is stated that sharia insurance is implemented according to Islamic teachings, free from elements of usury, gharar and maysir so that it can be proven to be halal. The voices of this group can also be found easily in YouTube videos circulating in cyberspace so they are easily spread. Religious leaders who disagree or oppose sharia insurance tend to be the "loudest voices" in the sense of touting that sharia insurance is haram or prohibited. Religious leaders who oppose this, usually those who believe that protection only comes from Allah and follow good sharia insurance, are considered to be against Allah's destiny.

Sharia insurance, which is synonymous with products in accordance with Islamic teachings, becomes encouraged when religious figures who understand Islamic law, including sharia insurance, have a pro view and consider that sharia insurance is permissible, even if they say this product is recommended/recommended.

Several things make religious leaders agree with sharia insurance because it has more benefits than harm. Apart from that, the management of sharia insurance has undergone review by the National Supervisory Board so that it is deemed not to deviate from Islamic rules.

In fact, not only did they voice the advantages and need for sharia insurance products, but several religious leaders also helped market them - becoming sales agents. And here what is influential is the personal brand of the Ustad/Ustadzah, and it positively influences the level of trust in the product

The last group is religious leaders who are neutral and tend to be passive. This group does not have a specific opinion, they are only neutral and even tend to be passive. When their followers ask about a problem, this is where they find out and then give their views on the pros and cons, but this group is reluctant to make a decision to buy or reject, in black and white

Many of my friends say that insurance is still haram, even if it is sharia. Because it's like going against God's destiny. Actually, sharia insurance still has many pros and cons, right? There are still ustadz who disagree and say it is still haram. That's why there are so many different opinions that I'm confused myself."- MR (26)

Agent Performance Issues. Many respondents reported dissatisfaction with agent performance, citing issues such as agents becoming unresponsive after initial contact or failing to provide ongoing support. This lack of reliable service undermines customer trust and satisfaction.

"*I've been on insurance for less than 2 years and I've been left by the agent. The agent suddenly couldn't be contacted. Suddenly the number is no longer active. Until now, I have no contact with the agent. I'm disappointed because I also took long-term insurance, but it's only been a year since I left. At first, if there was a problem, it was a bit difficult for me. But it's just a CS relationship initiative and now it's more helpful without needing an agent."* - IR (45)

"*Yes, the agent suddenly became less responsive and difficult to contact when asked for help. The answers were also very perfunctory like 'I don't know, ma'am', 'Just ask the office' like that, even though we asked the agent so we didn't have to bother, right. Even though he used to have a really sweet mouth, he even forced me to buy insurance. It's your turn to be a customer and you're even less responsible."* - SB (44)

4.5 Understanding Customer Needs

Understanding customer needs involves examining their financial management behavior, especially as decision-makers within their families. Monthly income management varies, with some individuals allocating extra funds to savings, alms, or community contributions. This surplus money often becomes the source for savings, insurance funds, and other financial products.

The insights gathered from this ethnographic study indicate that individuals often unconsciously categorize their excess funds into different budget items. This categorization is not always explicitly stated by respondents but becomes evident through their stories and behaviors. These findings provide a foundation for industry practitioners and academics to better understand customer behavior and needs, guiding future strategies for Takaful marketing and education.

If we discuss customer needs, there are several things that are not visible on the surface and this is what we try to explore in this marketing ethnographic study. This study found that before discussing the need for insurance, the first thing that must be studied is the need for managing one's finances, especially as a decision maker in the family.

Every month, there is money earned as income or salary. From the income earned each month, there are additional funds which are usually managed differently from one individual to another. There are several ways to manage excess salary or income, such as giving it as alms, giving it as a citizen or community contribution and saving it. Managing this excess money depends on the goals of each individual.

After allocating posts for family needs, whether primary, secondary or tertiary (Lifestyle) - namely those that are mandatory, there will be 'extra' money which becomes a post for spending that is still disbursed. What can be rethought is the allocation depending on whether there are new needs or not. This budget item is the source of funds as targets for savings funds, insurance funds and other financial products.

Extraction of insights from search results in this study shows that someone, without realizing it, has 'unconsciously' divided 3 budget items in managing 'extra money'. This need was not clearly expressed or stated by respondents, but through a series of insights gathered from various direct and indirect stories in this ethnographic study, the big picture of someone's need for managing 'more money' becomes more real and will be reported below. The findings of this study can be an initial guide for industrial practitioners and academics to understand various customer behavior in the future.

Type 1. Extra money: for me or for my family. In distributing funds from income earned for this target, everything is useful for yourself and your family. The form of distribution of these funds is in the form of savings, investment, insurance protection. Where the goal is only for your own benefit without thinking about other people or intending to help others. Funds for "me" are among those currently being marketed, one of which is unit link - investment. However, the problem is whether consumers understand the investment, including the dynamics of the investment itself, which is likely to go up and down, over the long term, and must be monitored. Unfortunately, only a few people understand how this investment works. Consumers who are more appropriate to have unit link investments are those who are risk takers, different from consumers who are risk averse but the problem is that they are also offered unit links which will lead to disappointment in the end.

Basically 'extra money' owned by someone who wants to set aside money for protection by having insurance. People like this already have the awareness that protection for the future is important, especially for the family.

"I take unit link insurance, because apart from getting protection, I also hope to make a profit from it. At least my money will increase, but apart from that I also have a property and gold business" MS (39)

"... as a precaution. Just in case there is something wrong, at least the loss can be minimized. For example, if my husband or I die, our child's life can still be guaranteed.

If you suddenly get sick, someone will cover it, so you don't have to worry about having to pay a lot of money. The point is protection so that we can live calmly and safely, avoiding risks." IR (45)

Type 2. Extra money: for us (or for my community). The need to participate as a member of the community. These funds are given regularly and are usually not questioned by members because their purpose is clear – namely for members who need them if there is distress/death/situation that requires help from the community.

The purpose of these funds is understood. Voluntary and mandatory funds. As with BPJS Health Insurance, there are still many who do not understand the basic concept, namely helping each other. For those who are healthy and not affected by disaster, helping their community who are sick or affected by disaster is related to health.

This form of channeling funds in excess of the income earned can also be targeted at "us". In this sense, the funds paid are not only to help other people but there are also benefits felt by the individual who gives them. The main target of this fund is to help each other, so it is not only one way but also two ways. This often happens in our daily lives in society or communities, such as savings and loan cooperative funds, death funds, neighborhood social gathering cash funds. Where this type of fund, we as individuals also need it when we experience an incident. So other people will help you or wait your turn.

Savings and loan cooperative funds, when members have a need or interest, are allowed to borrow from the cooperative's funds, where every month the cooperative members pay their savings to the cooperative. When members need it, these funds must be available to provide an image that members and the cooperative are helping each other. Likewise, with existing death or condolence funds and social gatherings, members usually pay contributions every month in an agreed amount with the idea that later when someone experiences grief or disaster, they can be helped from the funds that have been collected. So that here it is visible not only to other people, but also individuals feel the benefits. This is the position of takaful where it is not only beneficial for customers but also for helping other people with the value of mutual assistance in it.

"*I imagine helping each other like RT fees, the difference is that RT fees are non-profit and not money oriented, there is also cash so if someone is grieving or sick they can be helped, it's similar to takaful*." YA (45)

"*What differentiates takaful from conventional insurance is that there is a value of mutual assistance, right? So we take part in insurance as an effort to prepare for the future, but on the other hand we also help other people. This is what takaful must prioritize so that people also know*" FA (40)

Type 3. Extra money: for them (the needy). In this type of financial management of the excess income earned, some are targeted for "them" namely for those who need it. These funds are deliberately intended to help other people without thinking that afterward the individual will gain profit or financial reward, at least in the form of a reward. Forms of providing funds for those in need include zakat, infaq, alms. For this fund, it is deliberately issued in connection with individuals to God. Apart from that, to distribute funds to those who need it, you don't need to know the person who receives it. Because the form of zakat, infaq, alms has long been a practice in Islam. So there is no limit to who should receive it, at least those who need it. The distribution of funds for this 'them' does not require an in-depth explanation, only the company brand is the key for someone to believe in channeling their money so that it creates trust in the institution.

"*If I had more funds, I would definitely donate to those in need. Instead of buying things that we don't really need. If you give alms, it feels good, your heart will feel calm and you can help other people*" EL (45)

"*Do you really have to take takaful to help? As far as I know, we must prioritize and help the people around us. Take neighbors for example, if they are in trouble, we will help them. It is clearer that the benefits can be used directly. You don't have to take insurance, right?.*" NO (29)

5 Conclusion

This study explores the challenges and opportunities in optimizing the branding of Takaful products in Indonesia. The findings emphasize the need for targeted awareness campaigns and educational initiatives to bridge significant gaps in consumer knowledge and understanding.

Despite Indonesia's large Muslim population, awareness and understanding of Takaful remain low. Many consumers are unaware of Takaful or lack a comprehensive understanding of its benefits. Effective branding requires understanding and contextualizing consumer segments. Society can be divided into non-users (unaware, aware but opposed, aware and supportive but not understanding, aware and understanding but not purchasing) and users (those who do not understand the product, those who understand the product well).

Several factors contribute to the low knowledge of Takaful. Unpleasant experiences spread quickly, deterring potential customers. Agents often prioritize personal branding over educating customers, focusing on investment features. Takaful marketing is less visible and accessible than conventional insurance. The complexity of Arabic terms and Islamic financial principles adds to the difficulty of understanding. Differing views among religious leaders create confusion, and unresponsive agents undermine trust. Consumers allocate surplus funds to savings, alms, or community contributions. Understanding these behaviors helps in positioning Takaful products effectively.

5.1 Theoretical Implication

This study makes significant contributions to marketing and Islamic finance. It extends understanding of consumer behavior towards Takaful, highlighting the importance of nuanced segmentation beyond traditional demographics. The research identifies key barriers to adoption, particularly the role of sales agents, and underscores the need for better training and support. It also contributes to integrated marketing communications literature by emphasizing clear, contextually relevant messaging. The impact of religious leaders on consumer decision-making is documented, providing a basis for future research. Practical implications for policymakers, industry players, and regulators are also highlighted.

5.2 Managerial Implication

To address the challenges faced by Takaful in Indonesia, several strategic actions are essential. Enhancing awareness through targeted campaigns and comprehensive educational initiatives can bridge gaps in consumer knowledge. Encouraging positive word of mouth and promptly addressing negative feedback can build trust and interest. Well-trained agents in Takaful principles are crucial for effective customer education. Simplifying marketing messages and engaging supportive religious leaders can alleviate doubts and build long-term trust. Re-educating consumers through reverse positioning, emphasizing mutual assistance (Ta'awun), and promoting community service campaigns can strengthen the unique selling proposition. Improving sales agent practices, building a strong independent agency brand, increasing regulatory oversight, promoting positive stories on social media, and offering incentives like no-claim bonuses can further enhance the appeal and penetration of Takaful in the Indonesian market.

By implementing these recommendations, Takaful can better align with consumers' religious beliefs and financial needs, fostering a positive and trustworthy brand image.

Future research should focus on three key aspects to further enhance the adoption and effectiveness of Takaful. First, in-depth consumer segmentation studies are essential to identify the specific needs, preferences, and barriers of various demographic and psychographic groups, enabling more targeted and effective marketing strategies. Second, examining the impact of digital marketing, particularly through social media, online advertising, and influencer partnerships, can provide insights into the most effective ways to raise awareness and educate consumers about Takaful. Finally, investigating the role of religious leaders in shaping consumer perceptions and trust can reveal how endorsements and guidance from religious authorities influence the adoption of Takaful, offering a pathway to strengthen consumer confidence in these products.

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