SOCIAL CULTURAL, DEMOGRAPHIC AND PSYCHOLOGICAL EFFECTS ON INSURANCE PRODUCT PURCHASE DECISIONS

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ABSTRACT

Insurance products are financial products that are useful for protecting themselves from various risks of financial loss when exposed to a disaster. Although it is known that the benefits provided by insurance products are not enough to influence consumer decisions to use them. This is because the decision to buy insurance products is caused by many factors such as social cultural, demography and psychology. This study aims to determine the role of social cultural, demography and psychology on purchasing decisions of insurance products. Of the 100 respondents who became the research sample, there were only 89 respondents whose research data could be processed further. The research data will be tested for validity, reliability, classical assumptions, multiple linear regression, hypothesis testing and testing the coefficient of determination using the SPSS program. The findings of this study are that socio-culture actually plays a role in shaping insurance product purchasing decisions. Demographics play a significant role in shaping purchasing decisions for insurance products. Psychological actually plays a role in shaping the decision to purchase insurance products. Socio-cultural, demographic and psychological variables also play a significant role in shaping the decision to purchase insurance products.

Keywords: social culture, demography,psychology,purchase decisions, insurance product.

INTRODUCTION

Human life is not certain at all times. Humans are faced with various risks that threaten life and property. The threat is from the risk of accidents that cause injury, disability to death. This happens due to various disasters such as accidents, fires, robberies, theft, illness and death. Human efforts to prevent and reduce risks are carried out by transferring them to other parties. Humans must think long ahead to take steps and decisions so as not to regret in the future (Mardikaningsih et al., 2020). The act of investing does not always have to be in the bank but it is better to think about investing money in products for life safety. Products that provide these services are called insurance. Insurance as a business engaged in services must be oriented to customer satisfaction because customers are one of the bases for the development of the insurance business itself (Khasanah, 2010). Satisfaction is the main thing in the service industry (Djati, 2005). Although this product is still experiencing marketing barriers due to negative perceptions from the public, at least the insurance market is still developing well. Companies must establish effective strategies to introduce products to the market with various benefits to meet consumer needs (Ahmad et al., 2014).

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There are various forms of guarantees offered as well as innovations in insurance products as well as the amount of premium offered to these prospective customers, to be able to compete and get a customer or consumer. There are at least six aspects of the competitive front between the insurance companies, including: aspects of the company's financial strength (assets), service aspects, aspects of smooth claims, aspects of product variants, premium prices, and product benefits. To face this business competition, insurance companies must always be proactive and innovative in designing marketing strategies and improving service quality (Wahab et al., 2017; Padma et al., 2018). The selection of insurance customers as the object of research because considering the many benefits obtained from insurance, but people are not aware of the importance of insurance, and people's buying interest in insurance is still lacking. Therefore, it is important to know the preferences of the target market (Khayru et al., 2021).

Buying decision is a consideration of a consumer to buy an item or not. Kotler and Armstrong (2012) explain that the manufacture made by consumers varies according to the type of buying decision. Purchasing decisions are identifying all possible options to solve problems and assessing choices systematically and subjectively and their goals that determine the advantages and disadvantages of each (Khayru, 2021). The stages to reach a buying decision are carried out by consumers through several stages which include recognizing needs, seeking information, evaluating alternatives, buying decisions and post-purchase behavior. Current customers are also smart in making decisions to choose products offered by financial institutions, both banks and non-banks, including choosing insurance. The decision to purchase insurance must be taken by parties who understand the risks that will occur as early as possible. The sooner a decision is taken, the smaller the premium paid.

Purchase decisions are influenced by many factors such as socio-cultural, demographic and psychological (Hidayat et al., 2015). According to Kotler and Armstrong (2012), social factors are the influence of a group of people that influence an individual to follow his habits such as reference groups, family, and roles and status. A person's reference group consists of all groups that have direct or indirect influence (Darmawan, 2009). According to Kotler and Armstrong (2012), cultural factors are a collection of basic values, perceptions, desires, and behaviors that are learned by community members from family and other important institutions. According to Kotler and Armstrong (2012), purchasing decisions are also influenced by personal characteristics consisting of the age and stage of the buyer's life cycle, occupation, economic circumstances, lifestyle, as well as personality and self-concept. Psychological factors are one of the factors that influence purchasing decisions which are interpreted as part of the influence of the environment in which he lives and lives at the present time without ignoring past influences or anticipation in the future. Psychological factors are the means used to identify their feelings, collect and analyze information, formulate thoughts and opinions in taking action. The higher the motivation, perception, learning and attitude of a person, the higher the decision to make a purchase (Darmawan, 2004). This study aims to determine the role of socio-cultural, demographic and psychological on purchasing decisions of insurance products.

RESEARCH METHODS

This causality study aims to describe and examine the socio-cultural, demographic and psychological relationships to purchasing decisions of insurance products. Data was collected by distributing questionnaires to respondents about research variables, namely socio-cultural, demographic, psychological, insurance product purchase decisions. From the questionnaire distributed to 100 people through WhatsApp media, 89 responses were returned which will be further processed as primary data.

Indicators of socio-cultural variables consist of reference groups, family, status, roles, education, geographic area, social class, cultural shift, behavior. Demographic variables were measured by age, occupation, economic condition, lifestyle. Psychological variables are measured by motivation, perception, belief, knowledge. The purchasing decision variable is measured with confidence to buy insurance products and insurance products are a priority. All indicators are placed in a list of questions and tested for validity and reliability. The next stage, multiple linear regression analysis is used to fulfill the purpose of this study.

RESULTS AND DISCUSSION

Validity test is used to measure the validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. Validity testing is carried out using a comparison of the corrected item total correlation values from the SPSS output results which require the value to be above 0.30. The following table 1 will show the results of the validity test.

Table 1. Socio-Cultural Validity Test Results

Variable	Question Items	Corrected item total corrrelation	Status
Socio-Cultural (X.1)	X.1.1	0.650	Valid
	X.1.2	0.731	Valid
	X.1.3	0.652	Valid
	X.1.4	0.519	Valid
	X.1.5	0.433	Valid
	X.1.6	0.574	Valid
	X.1.7	0.476	Valid
	X.1.8	0.614	Valid
	X.1.9	0.496	Valid

Source: SPSS output

From Table 1 to test the validity of socio-cultural variables, each question item is valid because it obtains a corrected item total correlation value > 0.30.

Table 2. Demographic Validity Test Results

Variable	Question Items	Corrected item total corrrelation	Status
Demographic (X.2)	X.2.1	0.362	Valid
	X.2.2	0.463	Valid
	X.2.3	0.545	Valid
	X.2.4	0.488	Valid

Source: SPSS output

From Table 2 to test the validity of the demographic variables, each question item is valid because it obtains a corrected item total correlation value > 0.30.

Table 3. Psychological Validity Test Results

Variable	Question Items	Corrected item total corrrelation	Status
Psychological (X.3)	X.3.1	0.426	Valid
	X.3.2	0.454	Valid
	X.3.3	0.528	Valid
	X.3.4	0.482	Valid
	X.3.5	0.344	Valid
	X.3.6	0.377	Valid
	X.3.7	0.416	Valid
	X.3.8	0.342	Valid

Source: SPSS output

From Table 3 for the psychological variable validity test, each question item is valid because it obtains a corrected item total correlation value > 0.30.

Table 4. Results of Purchase Decision Validity Test

Variable	Question Items	Corrected item total corrrelation	Status
Purchase Decisions (Y)	Y.1	0.484	Valid
	Y.2	0.596	Valid
	Y.3	0.438	Valid
	Y.4	0.525	Valid

Source: SPSS output

From Table 4 to test the validity of the purchase decision variable, each question item is valid because it obtains a corrected item total correlation value > 0.30.

Table 5. Variable Reliability Test

Variables	Cronbach Alpha	Status
Socio-Cultural (X.1)	0.769	Reliable
Demographic (X.2)	0.725	Reliable
Psychological (X.3)	0.794	Reliable
Purchase Decisions (Y)	0.804	Reliable

Source: SPSS output

Reliability test is used to test the reliability of research instrument items, reliability testing of research instrument items is reliable if the Cronbach alpha value is above 0.60. The results of the socio-cultural, demographic and psychological reliability tests will be shown in Table 5.

From the results of the reliability test in Table 5, it can be seen that the value of Cronbach's alpha in each of the variables mentioned shows a value greater than 0.6 so it can be said that the question item on that variable is reliable.

Normality test is a test to measure whether our data has a normal distribution or close to normal so that it can be used in parametric statistics. This is known by the existence of a normal probability plot graph as shown in Figure 1 below where the plotting of the resulting data must form a straight diagonal line.

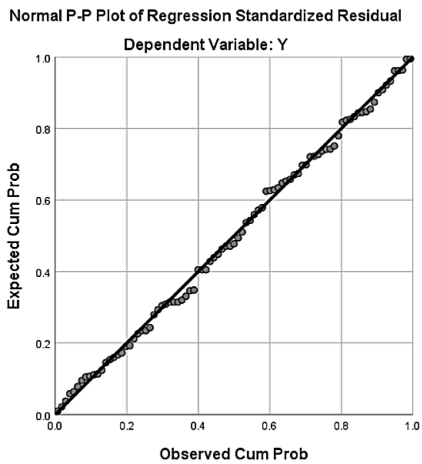

Figure 1. NormalityTest

From Figure 1 it can be concluded that the data is normally distributed because the results are in accordance with the provisions free from normality problems.

The multicollinearity test is used to determine whether or not there is a deviation from the classical assumption of multicollinearity, namely the existence of a linear relationship between independent variables in the regression model on the condition that if the tolerance value is > 0.10 or the VIF value is < 10, it is concluded that there is no multicollinearity.

Table 6. Multicollinearity Test

Variables	Tolerance	VIF
Socio-Cultural (X.1)	0.820	1.219
Demographic (X.2)	0.885	1.130
Psychological (X.3)	0.828	1.207

Source: SPSS output

From Table 6, it can be said that the regression model is free from multicollinearity because it is based on the tolerance value and the resulting VIF is in accordance with the conditions that must be met.

The multiple linear regression model has been tested for classical assumptions. The results are met with the assumption of normality, there is no multicollinearity. Thus the regression model can be used accurately to analyze the effect of the independent variable on the dependent variable. Regression analysis is used to determine how much influence the independent variables, namely: socio-cultural, demographic and psychological factors on the dependent variable, namely purchasing decisions. To test the multiple linear regression analysis performed using SPSS. The results of multiple linear regression analysis are presented in Table 7.

Table 7. Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	19.862	3.413		5.819	.000		
	X.1	1.177	.435	.190	2.705	.008	.820	1.219
	X.2	2.240	.399	.381	5.617	.000	.885	1.130
	X.3	3.359	.467	.504	7.197	.000	.828	1.207

Source: SPSS output

From Table 7, the following regression equation is obtained: Y = 19,862 + 1,177 X.1 + 2,240 X.2 + 3,359 X.3. The value of the regression coefficient on the socio-cultural variable (X.1) has a B value (Unstandardized Coefficients) of 1.177. This states that each unit of socio-cultural variables will have an influence of 1.177 on purchasing decisions, if other variables remain. The regression coefficient value on the demographic variable (X.2) has a B value (Unstandardized Coefficients) of 2.240. This states that each unit of the demographic variable will have an influence of 2.240 on purchasing decisions, if other variables remain. The value of the regression coefficient on the psychological variable (X.3) has a B value (Unstandardized Coefficients) of 3.359. This states that each unit of psychological variables will have an influence of 3,359 on purchasing decisions, if other variables remain.

The socio-cultural variable (X.1) shows a t-count of 2.705 with a significance of 0.008 <0.05, meaning that there is a significant influence of socio-culture on the purchasing decision variables. The demographic variable (X.2) shows a t-count of 5.617 with a significance of 0.000 <0.05, which means that there is a significant influence of demographics on the purchasing decision variables. The psychological variable (X.3) shows a t-count of 7.197 with a significance of 0.000 <0.05, meaning that there is a significant psychological effect on the purchasing decision variable. From the description above, it shows that all independent variables (social, cultural, demographic and psychological) have a partial and significant influence on the dependent variable (purchase decisions), because they have a significant value <0.05.

This F test is carried out to find out whether all of the independent variables are together has a significant effect on the dependent variable. As can be seen based on Table 8 below with the provision that the significant value is <0.05.

Table 8. Summary Results for F Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2447.048	3	815.683	53.665	.000[b]
	Residual	1291.963	85	15.200		
	Total	3739.011	88			

Source: SPSS output

From Table 8, it can be seen that the F-count value is 53.665 with a significance value of 0.000 which is less than = 0.05 so that it can be concluded that there is a simultaneous influence between the three independent variables (social, cultural, demographic and psychological) on the dependent variable (purchase decisions).) and the model used in this study is good.

This coefficient of determination measures the percentage of the total variation of the dependent variable explained by the independent variable in the regression line. These results can be seen from Table 9 below.

Table 9. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.809[a]	.654	.642	3.899	1.128

Source: SPSS output

Based on the results of the analysis of determination obtained R Square (R2) of 0.627 or 62.7%. This shows that the percentage contribution of the influence of independent variables (cultural factors, social factors, personal factors, and psychological factors) on the dependent variable (purchase decisions) is 65.4% while the remaining 34.6% is influenced by other variables not examined in this study. this research.

In this study it can be concluded that socio-cultural factors have a positive and significant influence on purchasing decisions for insurance products. The results of research conducted by Prieto and Caemmerer (2013); Susanto et al. (2016). This means that the better paying attention to the socio-cultural factors of prospective customers, the higher the occurrence of purchasing decisions for insurance products. Ferrinadewi (2004) stated that purchasing decisions from buyers are strongly influenced by cultural, social, personal, and psychological factors of consumers. Purchasing decisions are sensitive to these things and require continuous marketing communication (Ernawati, 2017). The insurance company must instill in the minds of prospective customers that in the era of rapid modern cultural progress like today the cultural pattern of managing family finances must be changed, therefore they must have insurance products to manage their finances properly and safely according to the desired goals. In addition, you must carry out a marketing strategy using asking referrals to ask for references from customers who have already purchased because it is a means of building links and expanding the market and the closing percentage is much larger (Trirahayu et al., 2014). This is done by using referrals, as well as more intensively collaborating with various business to business because if influential people in an institution, institution and company can be invited to cooperate with insurance then directly the people in the company will definitely take insurance if they already know policy (Chen et al., 2015).

Demographic variables have a positive and significant influence on purchasing decisions for insurance products. In accordance with the study of Hermawati (2013). The results of this study indicate that both men and women have the same view in insurance, which is to regard insurance as a necessity. When associated with the level of education, men have a higher financial level than women, causing differences between men and women in making financial decisions (Lusardi & Mitchell, 2006). However, along with the times and rapid technological advances, both men and women have the opportunity to gain the same knowledge and make equality in terms of knowledge including financial knowledge increasing. Likewise, when viewed from a job, private employees will seek self-protection because they are aware that the risks they have must be managed, namely through insurance. In addition, currently there are many insurances that not only offer self-protection, but also offer investment, thereby increasing an individual's interest in having insurance. This requires trust because the form of the product contains risks (Nurmalasari, 2018). Therefore, insurers must be able to control their potential market so that they can influence purchasing decisions for insurance products such as prioritizing targets for those aged 40 years and over because those aged 40 and over need insurance, such as health insurance or pension fund insurance, especially at the age of 40 in terms of exact income. already established. Demographic factors can be used as certain market segments so that target consumers are more focused on exposure to marketing communications (Handoko, 2004).

Psychological variables have a positive and significant influence on purchasing decisions for insurance products. In accordance with the results of research from Susanto et al. (2016). This means that if you pay attention to the psychological factors of prospective customers, it will increase the occurrence of purchasing decisions for insurance products. Psychological factors are the means used to recognize their feelings, collect and analyze information, formulate thoughts and opinions in taking action (Darmawan, 2008; Karina et al., 2012). Therefore, the insurance company in its marketing must introduce and provide knowledge about the insurance products offered and what are the various benefits attached. The more prospective customers know the variety of products they have, the more customers can look for insurance according to their needs. Furthermore, customer satisfaction is still considered in the long term (Retnowati et al., 2021).

CONCLUSION

The findings of this study are that socio-culture actually plays a role in shaping insurance product purchasing decisions. Demographics play a significant role in shaping purchasing decisions for insurance products. Psychological actually plays a role in shaping the decision to purchase insurance products. Of the three socio-cultural, demographic and psychological variables also play a significant role in shaping the decision to purchase insurance products.

From these findings, it is recommended that insurance service providers continue to add insight and also the ability to understand the socio-cultural, demographic, psychological factors of the target market in order to influence customer purchasing decisions. In addition, to always develop and continue to provide training to agents in order to always provide the best performance for the company and continue to develop things that make it easier for potential customers. Holding a regular event, namely a grand business opportunity where the purpose of the event is to convince potential customers of the importance of buying insurance products.

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