

## THE INFLUENCE OF PRODUCTS AND PROMOTIONS ON CUSTOMERS' DECISIONS TO SELECT PRODUCTS AT PT. PRUDENTIAL LIFE ASSURANCE SYARIAH IN THE SUNGAI PENUH CITY

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### ABSTRACT

This research aims to determine whether products and promotions influence customers' decisions to use Sharia insurance products. The location of this research is at PT. Prudential Assurance Sungai Penuh City. Data collection techniques in this research are observation, questionnaires and documentation. Meanwhile, the data analysis techniques in this research are questionnaire instrument analysis (validity and reliability), normality test, multicollinearity test, multiple linear regression, coefficient of determination test, and hypothesis testing. The subjects in this research were agents and customers of Prudential Life Assurance insurance products. The population in this study was 217 customers, while the sample was 90 customers using education insurance products in 2023. The research results prove that product variables partially significantly affect the public interest in the Prudential Life Assurance insurance product in Sungai Penuh City. Partially, the product promotion variable only significantly affects the public interest in PT. Prudential Life Assurance insurance in Sungai Penuh City. In simultaneous testing, product and promotional variables significantly affect public interest in Prudential Life Assurance insurance in Sungai Penuh City.

**Keyword:** Customer Decisions; Products; Promotions; Insurance; Prudential Life Assurance

### ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui apakah produk dan promosi berpengaruh terhadap keputusan nasabah untuk menggunakan produk asuransi syariah. Lokasi penelitian ini yaitu di PT. Prudential Assurance Kota Sungai Penuh. Teknik pengumpulan data dalam penelitian ini adalah observasi, angket, dan dokumentasi. Sedangkan teknik analisis data dalam penelitian ini adalah analisis instrumen angket (validitas dan reliabilitas), uji normalitas, uji multikolinearitas, regresi linier berganda, uji koefisien determinasi, dan uji hipotesis. Subyek dalam penelitian ini adalah agen dan nasabah produk asuransi Prudential Life Assurance. Populasi dalam penelitian ini berjumlah 217 nasabah, sedangkan sampelnya adalah nasabah pengguna produk asuransi pendidikan tahun 2023 sebanyak 90 orang. Hasil penelitian membuktikan bahwa variabel produk secara parsial berpengaruh signifikan terhadap minat masyarakat terhadap produk asuransi Prudential Life Assurance Kota Sungai Penuh. Secara parsial variabel promosi produk tidak berpengaruh signifikan terhadap minat masyarakat terhadap asuransi Prudential Life Assurance Kota Sungai Penuh. Pada pengujian secara simultan variabel produk dan promosi berpengaruh signifikan terhadap minat masyarakat terhadap asuransi Prudential Life Assurance Kota Sungai Penuh.

**Kata Kunci:** Keputusan Nasabah; Produk; Promosi; Asuransi; Prudential Life Assurance

## 1. INTRODUCTION

Indonesia has experienced rapid economic and technological development in this era of globalisation. Information technology has become an essential need. Everyone must resolve a problem quickly and make all work easier. Along with situations like this, the development of information technology, especially the role of computers, is receiving earnest attention (Handoko, 2003). This information technology has a tremendous impact in today's corporate world. Recently, there have been many changes in information technology and the

telecommunications sector, primarily due to pressure and intense competition in the corporate world.

The company has made various efforts to attract potential customers' decisions for health insurance, one of which is promotion. Promotion is an essential communication tool for companies because carrying out promotions can help expand the introduction of a product or service to consumers. Companies must offer products according to the needs and desires of prospective customers. Companies use promotions to provide information, influence, persuade, and encourage people to purchase the marketed goods or services (Kasmir, 2012). Various efforts have been made to attract customers' decisions about health insurance at the company. One is the company's efforts to market its products, namely promotion. According to Kasmir (2012), promotional activities carried out by the company are a means of introducing the company's products to customers so that customers know more about the products the company offers. Promotion is essential for every company, including companies, because no matter how good the product is, it will only be successful in the market if it is known to customers.

Promotion not only provides information but also persuades. Excessively persuasive promotion can lead to criticism from certain people who feel they are being taken advantage of and played with. Apart from that, the choice of media and promotional targets also needs to be considered because mistakes in choosing media and promotional targets can negatively impact the company, such as wasting costs without any positive returns to the company (Kasmir, 2012). Therefore, companies must be able to properly utilise the promotional media available through print and electronic media to promote their products. Another appropriate marketing strategy will encourage customer interest in the company, and the company's products can demonstrate customer interest in the company. With products, it will also influence customer behaviour. Customers will be happy to take advantage of the products offered so that the company can attract many customers. Product quality determines customers' decisions regarding a company's product.

Sharia insurance in Indonesia has been around for approximately 24 years now and continues to experience growth from year to year. Even though there have been many developments, many people are not interested or are still reluctant to use Sharia insurance services. This could be caused by several factors, including the fact that not all Indonesian Muslims understand insurance. Not to mention that the majority of Muslim communities are still anti-insurance products. Not a few of them think that insurance seems to precede God's will. Apart from that, the lack of public socialisation regarding the existence of Sharia insurance institutions also impacts people's interest in using Sharia insurance products. As a result, information related to sharia insurance needs to be conveyed to the public. Maybe in big cities, many people already know that Sharia insurance institutions exist, but people who live in rural areas need to learn about it.

According to Kotler (2016), another factor is that if rural people already know about sharia insurance, they do not necessarily want to use the service because the economic situation of rural communities tends to be middle to lower class. In contrast, everyone who takes insurance must pay the appropriate premium for insurance services. With the agreement made, it could be once a month or once every two months, depending on the initial deal. With the payment of premiums, rural communities whose economic background is middle to lower will feel objections, let alone paying premiums; even for their daily living needs, they will still have difficulty. Furthermore, the Indonesian people's awareness level regarding the risks that will come in the future still needs to be more profound. This is because insurance is considered not a primary need but a complementary one.

Prudential Insurance's development is seen not only from that but also from the service system. The success of the Sharia insurance system to date is due to the support of the quality and service provided by the company. Therefore, the factors that influence public interest in

Sharia insurance are essential to pay attention to for this institution's continuity and continued existence. Whether an institution is observed can be determined by psychological factors involving behaviour, attitudes, and tastes (Shaleh, 2019).

The promotion implemented by PT. Prudential Life Assurance Syariah in Sungai Penuh City is expected to be able to attract customer decisions or increase customers for health insurance at PT Prudential Life Assurance Syariah in Sungai Penuh City both in the Sungai Penuh area and outside the Sungai Penuh area, namely including the Kerinci Regency area. Promotions to attract customers are carried out by distributing brochures, distributing calendars, attending religious studies, and coming to stalls.

According to information from interviews with employees of the PT. Prudential Life Assurance Syariah company in Sungai Penuh City is known to experience problems and obstacles, such as a lack of human resources among employees, the insurance offered needing to be more transparent, and often bottlenecks in insurance. Promotion is carried out by distributing brochures, reaching out to customers, providing advertisements on social media or the internet, and sometimes visiting customers from house to house.

Based on the results of observations in the field, the decisions of the Sungai Penuh District customers still need to be made sufficiently to make transactions with the company. Hence, the customers of the PT. Prudential Life Assurance Syariah company in Sungai Penuh City still needs to be higher and far behind conventional companies. One of the causes of low customer decision-making is the lack of socialisation regarding insurance, which causes customers to lack understanding about Sharia companies. Hence, customers are more familiar with conventional companies than PT. Prudential Life Assurance Syariah in Sungai Penuh City. The results of customer interviews showed that the Head of Marketing revealed PT's low customer decision. Prudential Life Assurance Syariah customers in Sungai Penuh City occurred because many customers thought that PT Prudential Life Assurance Syariah in Sungai Penuh City was less complete, modern, and reasonable than conventional companies, both in services and products.

This study chose PT. Prudential Life Assurance Syariah in Sungai Penuh City is based on one of the products, namely health insurance, which was less popular with customers, even though health insurance products are very profitable compared to other products. Customers' choice of company products is often based more on information regarding the benefits obtained from the company's products. The company tries to be closer to consumers through various approaches, such as products, services, promotions, attractive interest rates, gifts, and opening new branches and units easily accessible to customers.

## **2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Customer Decision**

Decisions relate to a person's feelings of liking or pleasure towards an object. A decision is also a feeling of preference and attachment to a thing or activity without anyone telling you to. Decisions are acceptance of a relationship between oneself and something outside oneself—the stronger or closer the relationship, the bigger the decision. Thus, a decision strongly encourages someone to do everything to make their desires come true. Apart from that, decisions can arise due to internal and external factors. A firm decision on something will be a big thing in generating enthusiasm for taking action.

### **Promotion**

According to Zakiyyah (2018), promotions give customers special offers or discounts for specific products for a limited time. Promotion, according to Hermawan (2019: 127), is a marketing activity that proposes added value from a product (to get more than just the existing

value of the product) within a certain period to encourage consumer purchases, sales effectiveness, or efforts made by staff. Sale.

Based on the opinion above, promotion is a marketer's action orientation whose aim is expected to impact consumer purchasing behaviour directly. Therefore, promotion is likely to change the price value that has been received and reduce prices.

**Products**

Products are essential for a company because, without a product, it cannot do anything with its business. Buyers will buy a product if they feel it is suitable. Therefore, the product must be adjusted to the buyer's desires or needs so that product marketing is successful. In other words, product manufacturing is better oriented towards market desires or consumer tastes.

Based on the opinion above, promotion is an effort to inform or offer products or services to attract potential consumers to buy or consume them. With promotions, producers or distributors hope to increase sales figures.

**3. RESEARCH METHODS**

This research is a type of quantitative research. Quantitative data is data that can be input into a statistical measurement scale. According to Sugiyono, quantitative methods can be defined as research methods based on the philosophy of positivism, used to research specific populations or samples, collect data using research instruments, and quantitative/ statistical data analysis to describe and test predetermined hypotheses (Sugiyono, 2018).

Quantitative analysis in this research is needed to provide an overview of the research results; then, to strengthen a customer's decision to choose a product between variables, it requires proof that the analysis was carried out on the answers to the results of the questionnaire distributed to respondents. This research aims to find an explanation regarding measuring the influence of products and promotions on customers' decisions to choose products at PT Prudential Life Assurance Syariah in Sungai Penuh City.

**4. RESULT AND DISCUSSION**

**Multiple Linear Regression Analysis**

**Table 1. Results of Multiple Linear Regression Analysis**

Variable	Constanta	Reg. Coef.	t-test	t <sub>table</sub>	Sig	Alpha	R Sq	Info.
X1	2,365	0,613	3,694	1,987	0,006	0,05	0,695	H <sub>1</sub> accepted
X2	2,365	0,459	3,052	1,987	0,000	0,05	0,695	H <sub>2</sub> accepted

Source: Data processed with SPSS 26, 2023

$$Y = 2,365 + 0,613 X1 + 0,459 X2 + \epsilon$$

From the regression equation, it can be explained that:

1. From Table 1, the constant is 2.365, where this number is positive. If it is assumed that products and promotions for PT Prudential Life Assurance Syariah customers in Sungai Penuh City increase, then the customer's decision to choose a product will increase.
2. From Table 1, the regression coefficient is 0.613, where the value has a positive sign, meaning that the better the product, the greater the customer's decision to choose the product at PT Prudential Life Assurance Syariah in Sungai Penuh City.
3. From Table 1, a regression coefficient of 0.459 is obtained, where the value has a

positive sign, meaning that the better the promotions and consumer products, the greater the customer's decision to choose products at PT. Prudential Life Assurance Syariah in Sungai Penuh City.

**Hypothesis Test Results**

**t-test Results (Partial Testing)**

The results of Table 1 show that  $t_{test} >$  from the t table, which is  $3.694 > 1.987$  and is significant  $0.006 < 0.05$ . Thus, based on the considerable test criteria,  $H_a$  is accepted, and  $H_o$  is rejected, meaning that the product significantly affects the customer's decision to choose the product. The results of Table 1 show that  $t_{test} >$  from the t table, which is  $3.052 > 1.987$  and is significant  $0.000 < 0.05$ . Thus, based on the considerable test criteria,  $H_a$  is accepted, and  $H_o$  is rejected, meaning that promotion significantly and positively affects customers' decisions to choose products for PT—Prudential Life Assurance Syariah customers in Sungai Penuh City.

**F<sub>test</sub> (Simultaneous Testing)**

**Table 2. Goodness of Fit**

<b>F<sub>test</sub></b>	<b>F<sub>tabel</sub></b>	<b>Adj. R sq</b>	<b>Sig</b>	<b>Info.</b>
22,695	3,10	0,695	0,000	H <sub>3</sub> accepted

Source: Data processed with SPSS 26, 2023

From the Anova test or  $F_{test}$ , it turns out that  $F_{test}$  is 22,695. Based on the calculation above, it can be decided as follows: where  $F_{test} > F_{table}$ , namely  $22.695 > 3.10$  and  $0.000 < 0.05$ , then  $H_a$  is accepted, and  $H_o$  is rejected, which means product and promotion together. Equally, it significantly affects customers' decisions to choose products. In other words, the regression model formed in this research is declared fit.

The magnitude of the influence of products and promotions together on customers' decisions to choose products can be seen from the  $Adj. R_{square}$  value of 0.695 if the percentage is 69.5%, meaning that product donations and promotions influence customers' decisions to choose products at PT Prudential Life Sharia Assurance in Sungai Penuh City, 69,5%.

**Discussion**

**The Influence of Products on Customer Decisions in Choosing Products at PT. Prudential Life Assurance Syariah in Sungai Penuh City**

The research results show that products significantly and positively influence customers' decisions to choose products at PT Prudential Life Assurance Syariah in Sungai Penuh City. Most customers still need to familiarise themselves with the ijarah financing product at PT. Prudential Life Assurance Syariah in Sungai Penuh City. Apart from that, this product has only a few uses and benefits. The product quality indicators used are performance, durability, conformity to specifications, features, reliability, aesthetics, and impression of quality.

This is by the theory. According to Kotler and Armstrong (2016:45), product quality is a product or service characteristic that depends on its ability to satisfy stated or implied customer needs. A product a company wants to market must have great value and benefits for customers because customers will choose a suitable product. Therefore, the company must be able to compete to create products that meet its customers' needs and desires (Somali, 2008, p. 56).

The results of this research strengthen the results of previous research, namely research conducted by Abdul Haris Romdhoni and Dita Ratnasari (2018), "The Influence of Knowledge, Service Quality, Products and Religiosity on Customers' Decisions to Use Savings Products at

Sharia Microfinance Institutions." Based on the t-test, it shows that the t value for the product quality variable is  $0.003 > 0.05$ , so it can be concluded that  $H_a$  is accepted and  $H_0$  is rejected, namely that there is no significant influence between products on customers' decisions to use savings products at BMT Amanah Ummah Gumpang.

Based on the results of this research, product quality is the ability of a product to perform its function; this includes overall accuracy, ease of operation, and repair of other products. Products are offered to the market to attract attention, use, or consumption to satisfy a need. Consumers generally refer to various influences and dimensions when evaluating satisfaction with a particular product, service, or company. Customers can determine the value of a product through the benefits that the product can offer compared to other bank products.

Product quality can influence customers' decisions when choosing products at PT. Prudential Life Assurance Syariah in Sungai Penuh City. The better the quality of the products offered, the more customers will decide to select products at PT Prudential Life Assurance Syariah in Sungai Full City because they believe that the quality of the products provided by PT Prudential Life Assurance Syariah in Sungai Full City is good.

### **The Influence of Promotions on Customers' Decisions to Choose Products at PT. Prudential Life Assurance Syariah in Sungai Penuh City**

The research results show that promotions significantly and positively affect customers' decisions to choose products for PT. Prudential Life Assurance Syariah customers in Sungai Penuh City. This is because promotions can be used as a benchmark for an individual to make decisions about saving. Promotional factors directly influence users' decisions when making transactions using m-banking. If customers believe in the excellent performance of a system, they will use it and assume that it will produce positive results for its users. So, when customers feel confident in the bank, they decide to save at PT. Prudential Life Assurance Syariah in Sungai Penuh City will grow.

This is to the theory put forward by Agrawal and Sareen (Zakiyyah, 2018): promotions give customers special offers or discounts for specific products for a limited time. This kind of sales strategy can attract consumer decisions and increase business sales in the short term. In this study, researchers used four promotion indicators proposed by Kotler and Keller: promotion frequency, promotion quality, promotion time, and accuracy or suitability of promotion targets. When a promotion is in progress, the price of these goods can drop by up to 50%, but they are only available in limited quantities and for a limited time. Hence, consumers feel compelled to purchase immediately. This, of course, triggers consumer motivation to buy products offered during promotional sessions impulsively.

Hypothesis one shows a positive and significant relationship between promotion and people's decision to save, which the research results can support. The results of this research align with Kotler's theory (2016:67) that promotion is an activity that communicates the benefits of a product and persuades target consumers to buy the product. The results of this research are also based on Stanson's theory, which states that promotion is the best strategic combination of advertising variables, personal selling, and other promotional tools, all of which are planned to achieve sales program objectives.

This aligns with Pranidana's (2009) research, which shows that individual product perceptions significantly influence customers' decisions to choose products. Pranidana's research results also show that promotions influence product use. Ease of use does not significantly affect the decision to use (intention to use). In contrast, convenience, trust, and feature availability significantly influence the decision to use (intention to use).

Based on research conducted by Isnaine Maulida (2016) with the title "Analysis of the Effect of Promotion and Service on Customers' Saving Decisions at BMT Taruna Sejahtera Tuntang Branch," the results found that there was a positive and significant influence between

promotions on customers' savings decisions. Based on the research results by administering questionnaires to 100 respondents, it was explained that the promotion variable influenced customers' saving decisions.

The promotion has a significant role in conveying information about PT Prudential Life Assurance Syariah in Sungai Penuh City so that customers' decisions in choosing products can increase if the promotion is done well. Promotions carried out do not use perjury, do not disguise the product's condition, or exaggerate the product's condition. So that customer decisions can arise because they are interested in and believe in the promotions carried out by PT Prudential Life Assurance Syariah in Sungai Penuh City.

## 5. CONCLUSION

The t-test results show that the product significantly and positively affects customers' decisions to choose products. The t-test results show that promotions significantly and positively affect customers' decisions to select products for PT. Prudential Life Assurance Syariah customers in Sungai Penuh City. The F-test results show that products and promotions significantly affect customers' decisions to select products. The magnitude of the influence of products and promotions on customers' decisions is 69.5%, meaning that product donations and promotions influence customers' decisions to select products at PT. Prudential Life Assurance Syariah in Sungai Penuh City by 69.5%.

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