



The Effect of Personal Selling, Premium Prices, and Income Levels on Interest in Buying Insurance Products in (Case Study on Millennial Generation and Gen-Z in Medan City)

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ABSTRACT

One of the things that can minimize the risk to life is to have insurance because insurance provides benefits to people's lives by reducing the assets that must be set aside to cover losses from various other risks obtained. Personal selling is a benchmark for assessing the company to give customers confidence in the insurance products owned by the company. In addition, the premium price is the determination of customers purchasing insurance products with the level of income as an assessment of the customer's ability to have protection from the risks of life. This research uses a quantitative approach with a sample of 100 respondents. Data analysis in this study used SmartPLS 4.0. Hypothesis testing with the PLS approach is carried out in two stages, namely testing the outer model and the inner model. The results showed that personal selling has a positive and significant effect on purchase intention, the premium price has no significant effect on purchase intention, income level has a negative and significant effect on purchase intention, and personal selling, premium price, and income level simultaneously have a positive and significant effect on purchase intention in Millennial Generation and Gen-Z in Medan City

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Introduction

One of the things that can minimize the risk to life is to have insurance because insurance provides benefits to people's lives by reducing the assets that must be set aside to cover losses from various other risks that are obtained. Personal selling is a benchmark for assessing the company to give customers confidence in the insurance products owned by the company. In addition, the premium price is the determination of customers purchasing insurance products with the level of income as an assessment of the customer's ability to have protection from the risks of life. Personal selling is a promotional activity carried out between individuals who often meet face to face aimed at creating, improving, controlling, or maintaining exchange relationships that are mutually beneficial to both parties. The existence of personal selling is communication using face-to-face while the other promotion mix is more missal and non-individual. However, this can be a problem that must be resolved by the company in choosing marketing personnel who are capable and have adequate knowledge of insurance products owned by the company.

The premium price is an amount of money determined by the insurance or reinsurance company and agreed to be borne by the insurer based on the insurance or reinsurance contract, or the amount of money determined based on the insurance or reinsurance contract from the insurance or insurance reinsurance program, the greater the risk borne, the greater the premium value. Income level is also one of the factors in insurance interest, due to inadequate economic factors. Income is money earned and received based on achievement, such as income from one job or business and income from property income and the amount of a person's income depends on the type of work. The level of community welfare is measured by per capita income. The current per capita income of Indonesian society is still relatively low. Purchase interest is also influenced by personal selling factors, premiums, income, promotions, and so on. Success in influencing consumer purchasing decisions can be done by creating new innovations in the products you want to offer by following current demand trends, this is done because of the attitude of consumers who tend to always follow the times

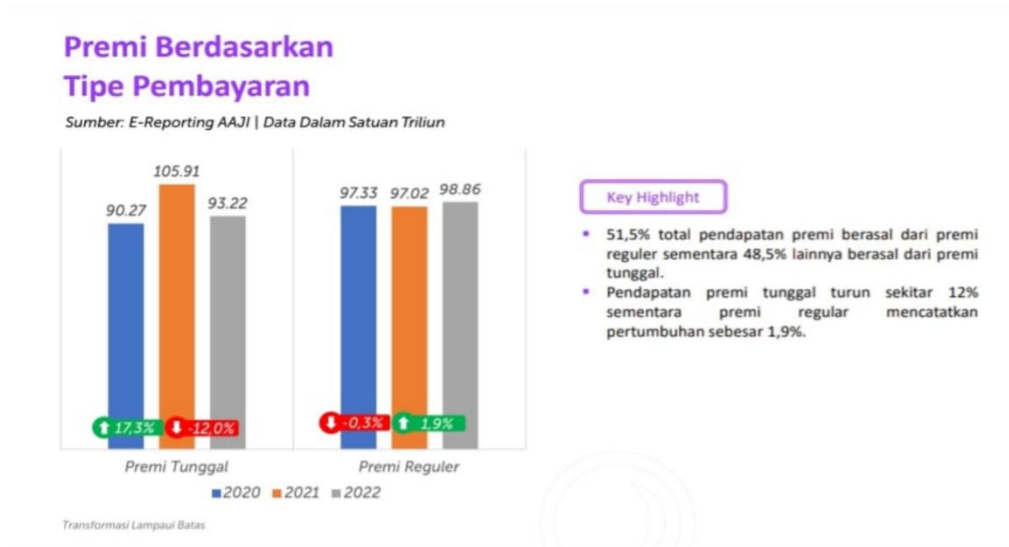


Figure 1. Premium Insurance Payment Diagram 2020-2022

In Figure 1 above we can see that 51.5% of total premium income came from regular premiums while the other 48.5% came from single premiums. Single premium income fell by around 12% while regular premium recorded a growth of 1.9%. In 2020 the single premium generated 90.27 trillion in 2021 the single premium rose to 105.91 trillion and in 2022 it declined again at 93.22 trillion. In regular premiums, the results from 2020-2022 tend to be stable, in 2020 regular premiums generated 97.33 trillion, in 2021 generated 97.02 trillion and in 2022 generated 98.86 trillion.

Literature Review

Table 1. Definition, Operational Indicators of Research Variables

Variables	Defenition	Indicator	Scale
Personal Selling (X ₁)	Personal Selling is a relationship in which two or more people in sequence to create a reciprocal relationship in order to create, change, use, and foster communication relationships between producers and consumers. Source : Sofjan, Assauri (2014:278),	1. Customer identification 2. Make personal visits 3. Product knowledge 4. Handling Complaints, 5. Providing solutions, 6. Ability to close sales 7. Special offers. Source : Kotler dan Keller (2016:673)	Likert
Premium Prices (X ₂)	The premium price is the amount of money the insured will pay to the insurer to compensate for a loss, damage, or loss and the expected profit of the insured to the insurer (Transfer of Risk). Source : Abdullah, Amrin (2016:108).	1. Selecting the target cost 2. Setting demand 3. Calculate cost 4. Analyzing competitors' offers and costs 5. Sorting out cost systems 6. Setting the final cost Source: Abdullah dan Tantri (2015:171)	Likert
Income Level (X ₃)	The level of revenue is an increase or increase in assets and a decrease or reduction in the company's liabilities as a result of operating activities or the provision of goods and services to the public or consumers in particular Source : Harnanto (2019:102)	1. Income received per month 2. Occupation 3. Expense budget 4. Family burden borne Source: Satiti (2014:4)	Likert

Purchase Intention (Y)	Purchase interest also greatly influences product purchasing decisions, if the product is too high in interest, and the risk is very high when making transactions, it will influence the purchase request to purchase financial products on online loan applications in Medan City Source : Sinaga, C. E., Sibarani, H. J., & Nababan, S. Jumiyaniti. (2022).	1. Transactional Interest 2. Refrential interest 3. Preferential interest 4. Exploratory interest Source : Ferdinand (2014:189)	Likert
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Conceptual Framework

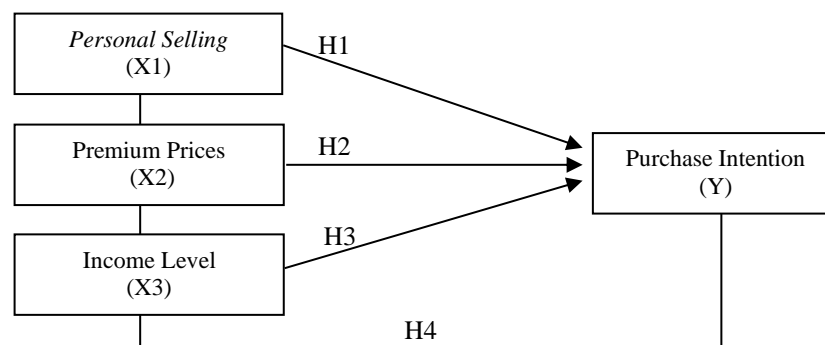


Figure 2. Conceptual Framework

- H₁ : Personal Selling has a positive and significant effect on buying interest in insurance products in Medan City.
- H₂ : Premium prices have a positive and significant effect on buying interest in insurance products in Medan City.
- H₃ : Income level has a positive and significant effect on interest in buying insurance products in Medan City.
- H₄ : Personal Selling, Premium Price and Income Level have a positive and significant effect on buying interest in insurance products in Medan City

Method

Quantitative method is the method used in this research. The meaning of quantitative is a method based on the ideology of positivism which is used to examine populations or samples used randomly so that using research tools that analyze quantitative aims in hypothesis testing (Sugiyono 2017: 14). Quantitative methods are used to determine the effect of a treatment which is then tested for hypotheses.

Research Results

Measurement Model (Outer Model)

Reliability Test

Table 2. Reliability Test Result

	Cronbach's Alpha	Composite reliability (rho_a)
(X1) Personal Selling	0.910	0.963
(X2) Premium Prices	0.827	0.839
(X3) Income Level	0.832	0.889
(Y) Purchase Intention	0.853	0.916

Source: Data Processed by Researchers 2023

In Table 2, it can be explained that the personal selling variable with a Cronbach's alpha of 0.910 while the composite reliability is 0.963, it is declared reliable, the premium price variable with a Cronbach's alpha of 0.827 while the composite reliability is 0.839, it is declared reliable, the income level variable with a Cronbach's alpha of 0.832 while the composite reliability is 0.889, it is declared reliable, the purchase interest variable with a Cronbach's alpha of 0.853 while the composite reliability is 0.916, it is declared reliable.

Validity Test Convergent Validity

Table 3. Loading Factor

	X1 Personal Selling	X2 Premium Prices	X3 Income Level	Y Purchase Intention
X1.1	0.741			
X1.5	0.758			
X1.6	0.761			
X1.7	0.841			
X1.8	0.713			
X1.9	0.778			
X1.10	0.751			
X1.11	0.754			
X1.14	0.714			
X2.3		0.750		
X2.7		0.800		
X2.10		0.713		
X2.11		0.801		
X2.12		0.770		
X3.1			0.785	
X3.2			0.840	
X3.4			0.745	
X3.5			0.726	
X3.6			0.744	
Y1				0.715
Y2				0.788
Y3				0.707
Y5				0.725
Y7				0.750
Y8				0.827

Source: Data Processed by Researchers 2023

In Table 3, the loading factor can be explained, namely the personal selling variable, premium price, and income level shows that all loading factors have a value > 0.7 so it can be concluded that all indicators have met the criteria for convergent validity because the indicators for all variables have not been eliminated from the model.

Discriminant Validity

Table 4. Discriminant Validity

	Average variance extracted (AVE)
(X1) Personal Selling	0.574
(X2) Premium Prices	0.589
(X3) Income Level	0.591
(Y) Purchase Intention	0.568

Source: Data Processed by Researchers 2023

In Table 4, above the AVE value on the latent variable personal selling is 0.574, the premium price is 0.589, the income level is 0.591 and the purchase intention is 0.568 from the above variables showing a latent value greater than > 0.50. So it can be said that the measurement model has valid discriminant validity. In addition, discriminant validity is also carried out based on the Fornell Larcker criterion measurement with the construct. According to Dandi Pratama, Novrian, et al (2018), if the construct correlation on each indicator is greater than other constructs, it means that the latent construct can predict indicators better than other constructs.

Table 5. Fornell Larcker Criterion

	(X1) Personal Selling	(X2) Premium Prices	(X3) Income Level	(Y) Purchase Intention
(X1) Personal Selling	0.758			
(X2) Premium Prices	0.229	0.767		
(X3) Income Level	0.043	0.468	0.769	
(Y) Purchase Intention	0.302	0.14	-0.169	0.753

Source: Data Processed by Researchers 2023

In Table 5. Fornell Larcker criterion can be explained by successively starting from the personal selling variable of 0.758, premium price of 0.767, income level of 0.769, and purchase intention of 0.753. Based on Table 5, it appears that each statement indicator has the highest loading factor value on the latent construct tested than the other latent constructs, meaning that each statement indicator is able to be predicted well by each latent construct in other words, discriminant validity is valid. So it can be concluded from the table results that all constructs meet the discriminant validity criteria.

Table 6. Cross Loading

	(X1) Personal Selling	(X2) Premium Prices	(X3) Income Level	(Y) Purchase Intention
X1.1	0.741	0.134	0.063	0.133
X1.10	0.751	0.14	-0.011	0.185
X1.11	0.754	0.216	0.011	0.152
X1.14	0.714	0.011	-0.004	0.217
X1.5	0.758	0.13	0.117	0.089
X1.6	0.761	0.199	0.041	0.205
X1.7	0.841	0.202	0.031	0.374
X1.8	0.713	0.165	0	0.143
X1.9	0.778	0.292	0.077	0.283
X2.10	0.16	0.713	0.355	0.072
X2.11	0.18	0.801	0.266	0.1
X2.12	0.111	0.770	0.32	0.11
X2.3	0.186	0.750	0.339	0.114
X2.7	0.231	0.800	0.492	0.129
X3.1	0.05	0.222	0.785	-0.094
X3.2	0.034	0.341	0.840	-0.184
X3.4	0.085	0.406	0.745	-0.095
X3.5	0.081	0.447	0.726	-0.08

X3.6	-0.039	0.413	0.744	-0.141
Y1	0.101	0.071	-0.118	0.715
Y2	0.168	0.122	-0.102	0.788
Y3	0.061	0.033	-0.213	0.707
Y5	0.234	0.044	-0.186	0.725
Y7	0.15	0.165	-0.031	0.750
Y8	0.43	0.164	-0.115	0.827

Source: Data Processed by Researchers 2023

Table 6 above shows that the cross-loading value for each indicator of each latent variable is greater than the value of other latent variables and has a value of > 0.7. This means that each latent variable already has good discriminant validity, whereas some latent variables have measures that are highly correlated with other constructs. If the measurement model is valid and reliable, the next step can be done, namely evaluating the structural model and if not, then you have to re-construct the path diagram.

Structural Model Test

According to Ghozali and Latan (2015: 78), structural model testing is carried out by looking at the relationship between constructs.

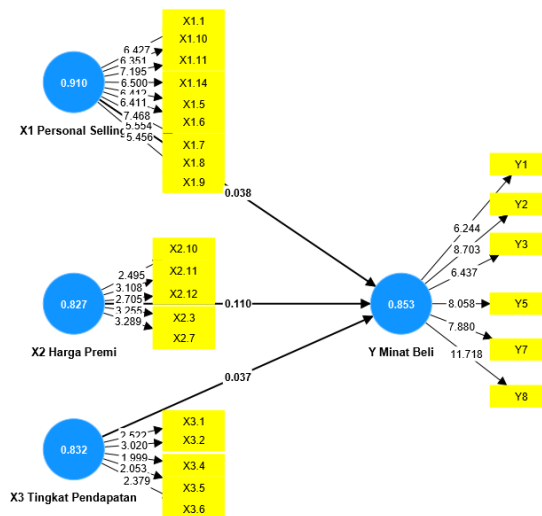


Figure 3 Structural Model

Source: Data Processed by Researchers 2023

R Square Value

Tabel 7 Adjusted R.Square

	R-square	R-square adjusted
Y Purchase Intention	0.156	0.13

Source: Data Processed by Researchers 2023

The construct value of buying interest in insurance obtained an Adjusted R.Square value of 0.13 which can be interpreted that the variation in buying interest variables can be explained by personal selling variables, premium prices, and income levels by 13%, while the remaining 87% is explained by other variables outside of the variables studied.

Hypothesis Test

Table 8. Hypothesis Test

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 Personal Selling -> Y Purchase Intention	0.266	0.275	0.128	2.085	0.038
X2 Premium Prices-> Y Purchase Intention	0.209	0.214	0.131	1.6	0.11
X3 Income Levels-> Y Purchase Intention	-0.278	-0.274	0.133	2.089	0.037

Source: Data Processed by Researchers 2023

In testing the significance, it is necessary to calculate *ttabel* and *thitung* with a significance level of 0.05, with *ttabel* = TINV (0.05, number of samples - 3), namely *ttabel* = TINV (0.05, 97), so that *ttabel* is 1.98 so that the exogenous latent variables on the endogenous latent variables can be described as follows:

1. Personal Selling (H1)
Personal selling has a t-statistics value of 2.085 > 1.98 and a p-value of 0.038, so personal selling has a positive and significant influence on insurance purchase intention in the MILLENNIAL generation and Gen-Z in Medan City.
2. Premium Price (H2)
The premium price has a t-statistics value of 1.6 < 1.98 and a p-value of 0.1, so the premium price does not have a significant effect on the interest in buying insurance for the MILLENNIAL generation and Gen-Z in Medan City.
3. Income Levels (H3)
The income level has a t-statistics value of 2.089 > 1.98 and a p-value of 0.1, so the income level has a negative and significant effect on the interest in buying insurance for the MILLENNIAL generation and Gen-Z in Medan City.

Discussion

The Effect of Personal Selling on Interest in Buying Insurance Products in Medan City

The t-statistic value of 2.085 > 1.98 and the p-value of 0.038, then personal selling has a positive and significant influence on the interest in buying insurance for the MILLENNIAL Generation and Gen-Z in Medan City, which means that if personal selling has increased, in this case the addition of operational costs, it will also increase the company's sales volume, and vice versa if personal selling has decreased, in this case a reduction in personal selling operational costs, this will also reduce the company's sales volume acquisition. In other words, the greater the personal selling operational costs incurred by the company, the more impact it will have on increasing the company's sales volume. Similar results are also stated in the research of Siagian, Ernita & Ginting, Mareta (2022), the results of this study indicate that the Ha1 hypothesis is accepted, namely personal selling partially affects buying interest at PT. Alga Sempurna Mandiri with a *tcount* > *ttable* value so that the personal selling variable (X1) is 3.495 > 1.67155 and the significant value is 0.001 < 0.05. In this study, personal selling has a positive and significant influence on consumer buying interest due to the company's ability to market its products. In addition, personal selling is expected to be direct personal contact between the seller and the buyer. Besides explaining or informing about products and persuading potential buyers, personal selling is also able to accommodate complaints and suggestions from buyers to sellers so that they can become feedback for the company.

Effect of Premium Price on Interest in Buying Insurance Products in Medan City

The value of t-statistics 1.6 < 1.98 and the value of p-values 0.1, so the premium price does not have a significant influence on the interest in buying insurance for the MILLENNIAL generation and Gen-Z in Medan City. The price of insurance premiums is a very sensitive and important thing for policyholders in attracting interest in choosing an insurance product, in other words, from the results of this study that high and low premium prices are not a significant problem for customers. According to Kotler & Armstrong (2014: 151), price is the amount of money charged for a good or service or the amount of money value that consumers exchange for the benefits of owning or using the product or service. Voss and Giroud (2016: 69) in Ramadhan (2016: 26) say that when customers evaluate and evaluate the price of a product, it will be

greatly influenced by the customer's own behavior. The behavior of the customer is buying interest, where buying interest will make the customer decide to buy. This research is inversely proportional to previous research conducted by Amelia, Nikita Dara (2018), which states that the results of the study show that the premium price has a significant effect on buying interest in insurance products of PT. Sun Life Financial Kediri Branch.

Effect of Income Level on Interest in Buying Insurance Products in Medan City

The t-statistics value is $2.089 > 1.98$ and the p-values value is 0.1, so the income level has a positive but insignificant effect on the interest in buying insurance for the MILLENIAL Generation and Gen-Z in Medan City, which means that the level of income is one of the factors that affect the customer's buying ability, so it can be said that if the income level of consumers increases or more, it will affect consumer interest in buying insurance products or it can be said that the more income a person has, the level of purchases he makes will increase. Vice versa, if the income level of consumers decreases or gets less, it will affect consumer interest to reduce the number of purchases of insurance products or it can be said that the less the amount of income owned by a person, the level of purchases he makes will decrease. So that this is in accordance with previous research conducted by Aditya, Hakam (2019), which states the results of the analysis test in this study show that income has a positive and significant effect on customer decisions in insurance. As based on the results of the study, the tcount value is 2.075 and the significance is 0.041, it can be concluded that H_0 is rejected and H_1 is accepted, thus the income variable affects the customer's decision to choose insurance services at Bumiputera Sharia Life Insurance in Bandar Lampung City

The Effect of Personal Selling, Premium Prices, and Income Levels on Interest in Buying Insurance Products in Medan City

The construct value of buying interest in insurance gets an R.Square value of 0.156 which can be interpreted that the variation in the purchase interest variable can be explained by the personal selling variable, premium price and income level by 15.6%, while the remaining 84.4% is explained by other variables outside of the variables studied. Consumer behavior in the purchasing process begins with a purchase interest where consumers get information, references and even compare products with one another and others before making a purchase.

Conclusion

The results of the research that has been done can be drawn conclusions, namely:

1. Personal Selling has a positive and significant effect on buying interest in Millennial Generation and Gen-Z in Medan City.
2. Premium price does not have a significant effect on buying interest in the Millennial Generation and Gen-Z in Medan City.
3. Income level has a negative and significant effect on buying interest in the Millennial Generation and Gen-Z in Medan City.
4. Personal selling, premium prices, and income levels simultaneously have a positive and significant effect on buying interest in Millennial Generation and Gen-Z in Medan City

Suggestions

1. The insurance company should increase personal selling, premium prices, and see the situation of the income level of prospective consumers, which in this study states that these variables have an effect on buying interest.
2. For future researchers, it is recommended that they conduct and develop this research with other variables that can influence buying interest in insurance because there are still other factors that influence buying interest in the Millennial Generation and Gen-Z in Medan City.

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