

Conference Paper

Analysis of Purchase Decision on Satisfaction in PT. Asuransi Jiwasraya (Persero)

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Abstract

A good quality service can foster the satisfaction of customer that in time will provide a greater benefit for the company, such as, the relationship between PT. Asuransi Jiwasraya (Persero) and its clients that if becomes harmonious, will benefit the company, and more importantly the reputation of PT. Asuransi Jiwasraya (Persero) will become better in the clients' point of view. Purposive Sampling Method is used as the sampling method, with 50 respondents who were chosen beforehand based on several criteria, namely, clients who have experienced the benefit of insurance, either claims or complaints submitted by the clients. Path analysis and multiple linear regression analysis were used to analyze the data, with three independent variables, which are Service Quality, Price, and Corporate reputation, Purchase Decision as intervening variable, and Satisfaction as dependent variable. The result of multiple linear regression analysis shows that Service Quality, Price, and Corporate Reputation variables are the most influencing and significant factors to Satisfaction through Purchase Decision of life insurance so as to increase the productivity of PT. Asuransi Jiwasraya (Persero) Cabang Medan Utara.

Keywords: service quality, price, corporate reputation, purchase decision, satisfaction

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1. Introduction

Along with the increasing of people's welfare, the consumption of goods other than basic needs such as food, clothes, and housing also increases, as well as the need to improve comfort and satisfaction.

Insurance is a financial means in the life of a household, either in facing death risk or in dealing with the risk of property owned. It also applies to the business world in carrying out its activities and facing various risks that may disrupt the continuity of its business. While there are a lot of methods in dealing with risks, insurance is the most widely used method.

In insurance industry, every policyholder has their own criteria in choosing an insurance company they desire. There is a policyholder who wants an insurance company

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that can provide more benefits rather than just self-protection, like high investment interest. There is also policyholder who wants prompt service, efficient, good reputation, and affordable price (premium).

Factors that influence the Purchase Decision on Satisfaction are Service Quality, Price, and Corporate Reputation. With a good service quality, affordable price, and a good-natured reputation, clients will be interested to make a purchase to create satisfaction.

1.1. Research aim

To analyze the effect of Service Quality, Price, and Corporate Reputation on Purchase Decision in PT Asuransi Jiwasraya (Persero) Kantor Cabang Medan Utara.

2. Literature Review

2.1. Marketing strategy

Marketing strategy is a plan which explicates the company's expectation of the impact of various activities or marketing program on the demand for its product or the product line in a particular target market. The definition of marketing strategy according to Kotler (2005), marketing strategy is a main approach used by business unit in achieving objectives, in which there are decision regarding the target market, product placement, marketing mix, as well as the required level of marketing cost.

2.2. Service quality

Service quality is an activity that includes the rapidness in serving customers, the willingness to address the needs of customer, and the delivery of goods or product [9]. Five dimensions of service quality:

1. Reliability
2. Responsiveness
3. Assurance
4. Emphaty
5. Tangibles

2.3. Price

Price is the only element of marketing mix that generates profit or cost. Price can also be changed according to the policy of the company, depends on the situation and condition that allow the price to change as a strategy to win the market. Price indicates the value of goods from the customer's perspective if they are willing to pay, customer will consider the benefit of the offered product whether it is worth the money spent. Price usually is used as an indicator of value, which the price is associated with the perceived benefit of a product or service. Kotler (2005) describes price in a small scope as the amount of money that is billed on a product or service, as in a broad sense as the sum of value exchanged by the customer for the benefit of possession or using a product or service.

2.4. Corporate reputation

Miles and Covin (2000) state corporate reputation is the view or perception of the company by the people inside and outside the company. A particular competence should be built by integrating four components, which are managerial competence and strategy focus, resource-based competence, transformation-based competence, and expense-based competence.

2.5. Purchase decision

The purchase decision of a visible product is a process of whole stages in purchasing process. The basic psychological process plays an essential part in understanding how customer making a purchase decision. Decision-making is process of unifying thoughts, information processing, and evaluative evaluation. According to Kotler and Ketler (2012), purchase decision is an experience of the customer in learning, choosing, using, and even getting rid of a product.

2.6. Client's satisfaction

Client is a person who receives the work result of a person or an organization, therefore they can determine the quality they want and also can convey their needs. Satisfaction is the level of a person's perceived state as the result of comparing the perceived

appearance or product outcome in relation to their expectation. Kotler (2005) postulates satisfaction is a person's feeling of pleasure or disappointment derived from the comparison of their impression of the performance or the outcome of a product and its expectation.

3. Previous Research

3.1. Journal conducted by Kautsar et al.

In a research journal conducted by Kautsar et al. (2012), state Purchase Decision has a positive effect on Satisfaction, with *t*-test of 7.84.

3.2. Journal conducted by Heryanto

A study result by Heryanto (2015) shows the condition of the Product, Price, Promotion, and Purchase Decision variables are in a good category, while the Satisfaction variable is in an adequate category.

3.3. Journal conducted by Almaulidta (2015)

A study result by Almaulidta (2015) demonstrates there is a significant effect between Purchase Decision (Y1) on Satisfaction (Y2). Next, the result also shows that Green Brand (X) indirectly affecting Satisfaction (Y2) through Purchase Decision (Y1) as intervening variable.

3.4. Journal conducted by Saputra (2010)

The study result by Saputra (2010) shows there is a direct negative effect and indirect positive effect of Service Quality on Satisfactory through Purchase Decision as intervening variable. Meanwhile Corporate reputation variable has a direct and indirect positive effect on Satisfaction through Purchase Decision as intervening variable.

4. Hypothesis

The hypotheses of this research are as follows:

4.1. H₁: Service Quality, Price, and Corporate Reputation simultaneously have effect on Purchase Decision in PT Asuransi Jiwasraya (Persero) Kantor Cabang Medan Utara

The service quality is a customer assessment over the advantages or privileges of a product or service as a whole (Zeithaml, 2006). A good service quality will affect consumer purchase interest. If a cell phone capable of delivering quality services, such as the existence of a good product introductions, as well as a convenient outlet of granting guarantees and adequate services, are expected to encourage consumers to buy the products. The price is a variable that can be controlled and determined acceptable or whether a product by the consumer. According to Fandi Tjiptono (2008), the reputation of the company is part of the concept of corporate image (corporate image) is part of the concept of total quality service. The decision was a 'real choice' because the choice is defined as a choice of destinations including options on how to achieve that goal.

4.2. H₂: Service Quality, Price, and Corporate Reputation have effect on Satisfaction through Purchase Decision as Intervening Variable in PT Asuransi Jiwasraya (Persero) Kantor Cabang Medan Utara

The purchase decision is an act of consumer to make decisions buy or not a product. In the business world, customer satisfaction is one of the keys the success of an business. It was because by satisfactory customers, organization can be increase their profits and get larger market share.

5. Research Method

The methodology used in this study is the quantitative correlation research method that aims to find out the amount of significance variations in a factor related to variation on one or more factors based on the correlation coefficient (Sinulingga, 2011).

This study is conducted in PT Asuransi Jiwasraya (Persero) Kantor Cabang Medan Utara located in Jl.Gatot Subroto KM 6,3 No. 171, Medan. This study is started in July 2017 until September 2017.

Population is all individuals who become the object of research [14]. In this study the size of the sample is based on Roscoe's opinion in Sugiyono (2006), if the research is related to the multivariate analysis (correlation analysis or multiple regression) then

the size of the sample should be several times, usually at least ten times the number of variable studied (Sinulingga, 2011). There are five variables in this study, therefore the number of this study's subject is at least 50 respondents.

This technique usually is used to analyze the data that can be expressed in numerical form. The data is obtained from the questionnaire answers.

The validity test used is the product moment correlation test and processed using SPSS program. The instrument is declared valid if the value of r_{test} is greater than r_{table} (standard correlation value). Generally, the value of r_{test} is greater than 0.3, so all questions in questionnaire is declared valid [11].

An instrument is declared reliable if the coefficient number $\alpha \geq 0.60$ [12]. Reliability test is done with alpha Cronbach technique, with the number of samples of 50 respondents.

Path analysis is an extension of multiple linear regression analysis, or path analysis is the use of regression analysis to estimate the causal relation between predetermined causal variable based on the theory [3].

First equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \epsilon.$$

Explanation:

Y: Intervening Variable (Purchase Decision)

b_1 : Regression Coefficient

X_1 : Service Quality

X_2 : Price

X_3 : Corporate Reputation

ϵ : Error Term

In the aforementioned regression equation, the constant value of 5.561 can be interpreted as the value of Purchase Decision before it is affected by the factors of Service Quality, Price, and Corporate Reputation. The regression coefficient X_1 of 0.499 states that if every increase of Service Quality (X_1) is one unit then it will cause an increase of Purchase Decision of 0.499. The regression coefficient X_2 of -0.265 states that if every increase of Price (X_2) is one unit then it will cause an increase of Purchase Decision of -0.265. The regression coefficient X_3 of 0.420 states that if every increase of Corporate Reputation (X_3) is one unit then it will cause an increase of Purchase Decision of 0.420. The value of $\epsilon = \sqrt{(1 - R^2)} = \sqrt{(1 - 0.602)} = 0.63$. The value of ϵ of 0.63 is a variance

of Purchase Decision variable that cannot be explained by Service Quality, Price, and Corporate Reputation variables.

Second equation:

$$Z = a + b_1X_1 + b_2X_2 + b_3X_3 + bY.$$

Explanation:

Z: Satisfaction

b_1, b_2, b_3 : Regression Coefficient

X_1 : Service Quality

X_2 : Price

X_3 : Corporate Reputation

Y: Purchase Decision

The result of regression analysis II exhibits that the constant value of 1.666, meaning that the value of Satisfaction before it is affected by the factors of Service Quality, Price, and Corporate Reputation, and Purchase Decision of 1.666.

The regression coefficient X_1 of 0.960 means that if every increase of Service Quality (X_1) is one unit then it will cause an increase of Satisfaction of 0.960. The regression coefficient X_2 of -0.887 means that if every increase of Price (X_2) is one unit then it will cause an increase of Satisfaction of -0.887.

The regression coefficient X_3 of 0.955 means that if every increase of Corporate Reputation (X_3) is one unit then it will cause an increase of Satisfaction of 0.955. The regression coefficient Y of 0.065 means that if every increase of Purchase Decision (Y) is one unit then it will cause an increase of Satisfaction of 0.065.

The value of $\varepsilon = \sqrt{(1-R^2)} = \sqrt{(1-0.990)} = 0.1$. The value of ε of 0.1 shows the variance of Satisfaction cannot be explained by Service Quality, Price, Corporate Reputation, and Purchase Decision.

The magnitude of the direct effect of Service Quality on Customer Satisfaction is $1.137 = 113\%$ and this effect is significant. Meanwhile, the magnitude of the indirect effect of Service Quality on Customer Satisfaction is $0.757 \times 0.051 = 0.04 = 4\%$. So the total influence of Service Quality on Satisfaction is $113\% + 4\% = 117\%$. The magnitude of direct effect of Price on Satisfaction is $-0.896 = 90\%$ and this effect is significant. In addition, the magnitude of indirect effect of Service Quality on Satisfaction is $-0.343 \times 0.051 = 0.017 = 2\%$.

So the total influence of Service Quality on Satisfaction is $90\% + 2\% = 92\%$. While the magnitude of influence of Corporate Reputation in Satisfaction is $0.733 = 73\%$ and this influence is significant.

Whilst, the magnitude of indirect influence of Corporate Reputation is $0.413 \times 0.051 = 0.021 = 2\%$. Therefore, the total influence of Corporate Reputation on Satisfaction is $73\% + 2\% = 75\%$.

Multiple linear regression is useful for obtaining the influence of two criterion variables, or for finding the functional relation of two or more predictor variables with the criterion variable, or for predicting two or more predictor variables against the criterion variable.

Determination coefficient aims to find out the magnitude of ability of independent variable in explaining dependent variable. Determination coefficient lies in the summary model table in the R square column. The value of coefficient determination (R Square) is 0.990, meaning 99% of Purchase Decision is affected by Service Quality, Price, and Corporate Reputation. While, the remaining 1% is affected by other variables other than the variables used in this study.

T test is used to show how far the individual influence of an independent variable in explaining the variation of dependent variable (Ghozali, 2005). Variable X_1 (Service Quality), it is obtained the value of $\text{sig} = 0.000 < 5\%$ then H_0 is rejected and H_a is accepted. This means Service Quality variable is directly affect dependent variable (Satisfaction). From variable X_2 (Price), the value of $\text{sig} = 0.000 < 5\%$ then H_0 is rejected and H_a is accepted. Meaning, Price variable is directly affects dependent variable (Satisfaction). The value of sig for variable X_3 (Corporate reputation) is $0.000 < 5\%$, then H_0 is rejected and H_a is accepted. Showing that independent variable (Corporate Reputation) directly and significantly affect the dependent variable (Satisfaction). For variable Y_1 (Purchase Decision) the value of sig is $0.041 < 5\%$, then H_0 is rejected H_a is accepted. Showing that independent variable (Purchase Decision) directly and significantly affects the dependent variable (Satisfaction).

This test is conducted to find out the influence between independent variable simultaneously to dependent variable. The value of $\text{sig} = 0.000 < 5\%$, then H_0 is rejected and H_a is accepted. It means the independent variable (Service Quality, Price, and Corporate reputation) indirectly affect the dependent variable (Satisfaction) with Purchase Decision as intervening variable.

6. Discussion

1. Amount of n is 50 with $df = n - 2$ where the results obtained r table = 0.284 table, so if r count is greater than the validity of the test then 0.284 declared valid. Then it can be inferred that the (Questionnaire) Q1 up to Q20 given to respondents have results where r count greater than 0.312 so that test results be declared validity on any Valid questionnaires. Reliability testing was done with alpha Cronbach's Alpha Cronbach's 0.866 values obtained so that the reliability test results with the stated value of Cronbach's due to the Alpha reliability greater than $\alpha \geq 0.60$.
2. Service Quality is the most dominant factor that affects Satisfaction through Purchase Decision. The result of hypothesis test by using t -test exhibits that Service Quality significantly and positively affects Purchase Decision of life insurance in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara.
3. Price is the next most dominant factor in affecting Satisfaction through Purchase Decision. The result demonstrates that Price significantly and positively affects Purchase Decision of life insurance in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara.
4. Corporate reputation is also a dominant factor in affecting Satisfaction through Purchase Decision. The result demonstrates that Corporate Reputation significantly and positively affects Purchase Decision of life insurance in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara.

7. Conclusion

1. Service Quality, Price, and Corporate Reputation have direct effect on Purchase Decision as intervening variable. This condition has been provided by the Service Quality given in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara as needed by the clients, hence it can be a reason for clients to choose and purchase life insurance in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara. The relatively affordable premium price has been enhanced the interest to purchase life insurance in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara, moreover, Corporate Reputation is a sign of better reputation of the life insurance company, which will lead to the increment of the Purchase Decision of life insurance as well as company's profit.

2. Service Quality, Price, and Corporate Reputation have indirect effect on Satisfaction through Purchase Decision as intervening variable. It means if the Service Quality increases then the Satisfaction will increase. The offered price is relative and affordable will be able to increase the Satisfaction of insurance clients. Corporate Reputation becomes the reason for the clients in choosing and buying life insurance in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara, seeing from the company's reputation measurement instrument, it can be stated that Corporate Reputation is like a reward, a recommendation, and trust.

8. Suggestion

1. The management of PT Asuransi Jiwasraya (Persero) Cabang Medan Utara has to maintain the good service quality and performs some improvement if needed, because service quality is an important key in improving purchase decision in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara.
2. The management of PT Asuransi Jiwasraya (Persero) Cabang Medan Utara should be attentive in considering the price. The price or premium in PT Asuransi Jiwasraya (Persero) Cabang Medan Utara has a positive effect on purchase decision. Low rates will affect the amount of UP so the premium can be quite low but still with a good service and balanced benefit.
3. Corporate reputation which is a competent company, superior to other companies, a company that can be trusted and an experienced company in managing life insurance services for 158 years which is owned by Asuransi Jiwasraya has been valued well by the clients, so it needs to be maintained and strives to be improved.
4. The strong influence of independent variable on dependent variable which is Service Quality, low Price or premium, along with improving Corporate reputation can be utilized in considering the marketing strategy for the life insurance, therefore in the coming years the company can focus on these three variables in improving the Purchase Decision in order to obtain the optimum result in achieving sales target to increase Satisfaction.
5. PT Asuransi Jiwasraya (Persero) Cabang Medan Utara has to maintain the Purchase Decision in order to fulfill the Satisfaction, so the company can maintain the consistency of loyalty shown by the clients.

6. The company needs to improve the service, either be it claims service, digital complaints or one-day service without breaking the rules or policies of the company and recalculating the premium price offered by bundling or improve the coverage/benefit obtained by the clients to improve the *brand awareness* in the community.

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