Analyzing the effects of social media, customer-to-customer interactions, and traditional marketing on customer decision-making through brand preference: insights from Greater Jakarta's Insurance Market

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ABSTRACT

The customer journey towards purchase has received substantial attention from businesses and academics, especially in relationship marketing and customer engagement. This interest has intensified due to the rise of social media, enabling customer-to-customer interactions alongside conventional marketing strategies. Customers increasingly seek information independently in the life insurance sector, and comprehending the decision-making process is critical. In Indonesia, low insurance literacy and inclusion add to the challenges of the traditional, face-to-face sales process. This research empirically investigates the impact of social media and traditional marketing communications on customer-to-customer interactions and subsequent customer decision-making. Brand preference is examined as a mediating variable. Quantitative methods, including online questionnaires and expert interviews, were employed in Greater Jakarta, Indonesia, targeting non-life insurance customers. Structural equation modeling (SEM) via LISREL was utilized to analyze data from 310 respondents. Results indicate that while social media communications have an insignificant impact on customer decision-making, traditional marketing communications positively influence customer-to-customer interactions (t-value 1.15), traditional marketing communications positively influence customer-to-customer interactions (t-value 11.87). Customer-to-customer interactions also found to positively influence brand preference (t-value 10.14) while brand preference positively influences customer decision-making (t-value 3.86). Additionally, customer-to-customer interactions positively affect customer decision-making (t-value 3.54), with brand preference mediating this relationship (t-value 3.85).

Introduction

Understanding the customer decision-making process is paramount for businesses, particularly non-impulsive products like life insurance. The digital revolution has significantly changed the customer buying experience, blurring the boundaries between online and offline information sources. Fusing traditional marketing with digital platforms has redefined customer decision-making processes, underscoring the importance of businesses understanding and adapting to the evolving market environment.

The advancements in digital technology have enabled customers to access information more quickly and share their knowledge through social media platforms. This shift towards a more customer-centric approach is called the "Age of Customer," which underscores the significance of understanding customer empowerment and engagement in the digital age. The proliferation of social media has transformed traditional business-to-customer and customer-to-customer relationships, particularly for high-involvement products like life insurance (Solis, 2015).

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The customer journey may be divided into three distinct stages: pre-purchase, purchase, and post-purchase, each of which significantly impacts brand attachment and value creation (Lemon & Verhoef, 2016; Srinivasan et al., 2016). The role of traditional marketing communications, marked by planned communication processes, is substantial in shaping customer interactions throughout the journey (Geraghty & Conway, 2016; Grönroos, 2004). To enhance customer acquisition efforts and optimize the customer experience during the purchase funnel, understanding the interplay between social media and traditional marketing in influencing customer-to-customer interactions is crucial.

In recent years, the significance of customer-to-customer interactions has grown as a critical element of customer engagement within strategic marketing. In addition to conventional marketing schemes, such as Customer Get Customer or Customer Referral programs, businesses now aim to establish direct connections with customers (Grönroos, 2004). However, a research gap still exists in examining how customer engagement affects the purchase funnel, a critical aspect of the path to purchase (Lemon & Verhoef, 2016).

Social media platforms enable businesses to engage with customers directly and obtain valuable insights into their requirements and preferences. This change has reduced the importance of brand promotions in favor of peer communication and endorsements. This study emphasizes the connection phase of Sashi (2012) customer engagement cycle through traditional marketing communications and social media. It explores how customers interact with these communication channels and the differences between online and offline environments. The research model includes social media communication, traditional marketing communications, customer-to-customer interactions, brand preference, and the customer decision-making process. The study investigates the impact of social media communication and traditional marketing on customer engagement, focusing on understanding customer interactions in both online and offline environments. Social influence theory is proposed to explore customer-to-customer interactions, and prior financial knowledge is considered in online environments. Brand preference is a significant factor in the customer decision-making process, particularly for high-involvement products like life insurance. The research framework aims to understand how customer-to-customer interactions impact the customer decision-making process during the path-to-purchase journey and excludes post-purchase experiences.

The present study explores the decision-making process of prospective customers in Greater Jakarta who have not yet purchased individual life insurance products. Specifically, the research seeks to understand the factors influencing these individuals' decisions and evaluate their financial and insurance literacy. The research focuses on non-users of individual life insurance products, excluding those who have purchased group life/health insurance or post-purchase experiences. The term "non-user" refers to individuals who have never purchased individual life insurance products. The study covers a variety of life insurance product options offered by insurers, and the term "customer" refers to individuals who make purchasing decisions. The research was conducted in Greater Jakarta, known for its high number of active social media users and its significance in marketing and sales distribution for life insurance products.

Literature Review

Theoretical and Conceptual Background

Digital technology has transformed the process of selling life insurance. In the past, sales agents were crucial in building customer relationships and facilitating sales. However, the emergence of social media platforms has made the buying journey more complex and multi-touchpoint (Solis, 2015). The disruption of the digital and social media landscape has posed challenges to the life insurance industry's ability to adapt to changing customer behaviors, as seen in Figure 1. Digital tools, such as social media platforms and comparison sites, have altered the traditional path to purchase by changing the way customers access information and product details.

While the literature has extensively examined the impact of social media on the customer decision-making process, there is growing interest in understanding the influence of customer-to-customer interactions on the life insurance purchasing journey. Additionally, the role of traditional marketing in shaping the customer decision-making process presents promising avenues for further research. As depicted in Figure 1, the digital age has made information easily accessible, enabling customers to research products, services, and brands repeatedly, leading to an ongoing cycle of decision-making (Belch & Belch, 2014).

Indonesia's burgeoning digital landscape, marked by a focus on fin-tech startups and the creative and digital economy, makes it a prime location for social media growth. According to APJII (2017), internet usage in Indonesia has grown significantly, with many users accessing social media platforms. With Jakarta and its surrounding suburbs housing a substantial portion of these users, mainly those aged 20 to 35, Indonesia's active Facebook user base is substantial. As the world's fourth-largest social media market with 130 million users, research into social media communication in Indonesia is crucial (We are Social, 2018).
Figure 1: Indonesia: Social Media Use; Source: (We are Social, 2018)

Figure 2 below presents a comprehensive overview of social media usage as of April 2024. The data reveals that there are 5.07 billion social media user identities, reflecting a quarterly increase of 0.7% (37 million) and a yearly increase of 5.4% (259 million). On average, users spend 2 hours and 20 minutes daily on social media, a 2.7% decrease from the previous year. Each month, users engage with 6.7 different social platforms, a 1.5% rise. Social media user identities represent 62.6% of the global population and 84.3% of the population aged 18 and older. Of internet users, 93.3% have social media identities. The gender distribution among social media users is 46.6% female and 53.4% male. These statistics emphasize the widespread and growing engagement with social media worldwide.

Figure 2: Global Overview of Social Media Use; Source: (Smart Insights, 2024)

Despite the growing prominence of social media, traditional marketing communications, including advertising and personal selling driven by sales agents, remain relevant topics of discussion. In today's digital landscape, the emergence of fin-tech startups, and e-commerce platforms challenges the traditional sales framework of life insurance. Life insurance is a vital component of financial security that helps mitigate financial risks throughout one's life. However, many individuals struggle to comprehend its importance. Therefore, it is essential to emphasize the significance of life insurance in effective financial planning through education initiatives conducted by insurers and financial planners to increase awareness and understanding of life insurance products. Despite these efforts, the challenge remains to promote financial and insurance literacy among Indonesians to drive industry growth.

Despite the significant expansion of e-commerce in Indonesia's gross domestic product, the country falls behind advanced economies such as Singapore regarding life insurance penetration. This disparity is evident from the low life insurance penetration rate, estimated at approximately 1% of GDP. The annual Indonesia Insurance Day activities reflect the industry's ongoing efforts to extend life insurance penetration, as demonstrated in the AAJI Report 2013-2017 (AAJI, 2022). Indonesia's Financial Services Authority and life insurers are addressing this priority by working together to increase life insurance penetration.

Table 1: Life Insurance (Total Insured 2013-2017 (Individual))

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured</td>
<td>13,666,934</td>
<td>15,160,681</td>
<td>16,256,521</td>
<td>17,878,891</td>
<td>18,363,748</td>
</tr>
</tbody>
</table>

Source: (AAJI, 2022)
As a developing insurance market, Indonesia is expected to experience substantial long-term growth despite market fluctuations. Indonesia has emerged as a desirable market for life insurance on a global scale, particularly in Asia. Addressing low insurance literacy and utilization remains paramount to promote growth in policyholders and raise public awareness of the significance of life insurance.

A primary outcome of customer engagement is the influence that engaged customers have on other individuals, directly or indirectly, which has led to research on customer-to-customer interactions (Libai, 2011). In addition, the impact of social systems on individuals' consideration of others' influence, the emergence of communities and their interaction with traditional media, and the effect of customer-to-customer interactions on business outcomes such as customer acquisition are under discussion (Libai, 2011). Marketers are advised to adapt the marketing mix and use social media to facilitate information sharing and interactions to build customer engagement (Sashi, 2012). This research aims to investigate customer-to-customer interactions, exploring the impact of social media and traditional marketing communications on customer acquisition while excluding post-purchase experiences such as claims processes and lapsed customers.

Life insurance providers in Indonesia confront various obstacles. Putra et al. (2024) have highlighted that economic volatility, elevated inflation rates, and broader economic unpredictability prompt individuals to exercise caution when making long-term financial commitments, including life insurance in Indonesia. Additionally, a certain level of distrust towards insurance providers exists, driven by past negative experiences or a perceived lack of transparency within the industry. Many individuals fail to recognize the risks that life insurance aims to mitigate, such as the financial consequences of a family head's premature demise. This lack of risk perception diminishes the perceived necessity of life insurance. Moreover, a deficiency in insurance literacy exacerbates this issue. The market environment and business practices continue to change due to digital and social media advancements, which have heightened the significance of customer interactions. Companies must comprehend the factors that drive engagement and customer purchasing decisions. Although there have been studies that have examined the precursors of customer-to-customer interactions, such as online communities, social media, traditional media, search, and word-of-mouth (Hu et al., 2017; Lemon & Verhoef, 2016; Libai, 2011; Nicholls, 2010; Rahman et al., 2015), more research is required to understand the consequences of these interactions fully. While existing studies have primarily focused on the customer journey at different stages of the purchase process leading to the purchase or re-purchase decisions (Hu et al., 2017), further research is needed to explore the broader implications of customer-to-customer interactions.

This study draws upon prior research on customer interactions in social media and traditional marketing communication settings, with particular attention paid to the factors contributing to these interactions. The study underscores the significance of customer acquisition and decision-making as critical components of the customer journey toward purchasing a product, which aligns with life insurance providers' primary business objectives. The mediating variable under investigation is brand preference, as it has the potential to impact the customer decision-making process throughout the purchasing journey.

This research explores how social media communication and traditional marketing impact customer-to-customer interactions and decision-making during the customer journey, particularly in the context of acquiring life insurance products. Specifically, the study aims to investigate the variables that contribute to these interactions and their influence on customer decision-making to gain a deeper understanding of the complex purchasing journey. Brand preference has been identified as a mediating variable that can influence the likelihood of purchase for high involvement products. To thoroughly examine the relationships between these variables, further research is required to test the components of the proposed model.

Empirical Review and Hypothesis Development

The Impact of Social Media Communication on Customer-to-Customer Interactions

The digital era has revolutionized customer-to-customer communication via social media platforms, enhancing product searching, evaluation, and purchase processes (Albors et al., 2008; Solis, 2015). Social media fosters interactive, personalized interactions between customers and brands (Hollebeek et al., 2014), prompting companies to integrate it into their marketing strategy (Bernooff & Li, 2008). Two main approaches have emerged: the passive approach, focusing on gathering market insights, and the empowered approach, emphasizing customer communication tools (Bugbin & Manyika, 2007; Constantinides, 2014).

Social media significantly impacts brand communities and customer engagement (Bhattacharyya, 2014; Trusov et al., 2009). Online influence is crucial, particularly in high-involvement products like life insurance (Pansari & Kumar, 2017). Despite its importance, social media's role in customer engagement has not been fully recognized (Barger et al., 2016; Libai, 2011). Attributes like social relationships and entertainment drive engagement on social networks (Heinonen, 2011; Raacke & Bonds-Raacke, 2008). The uses and gratifications approach identifies motives such as socializing and information seeking (N. Park et al., 2009). Consequently, the following hypothesis is proposed:

H1: Social media communication has a positive impact on customer-to-customer interactions.
The Impact of Traditional Marketing Communications on Customer-to-Customer Interactions

Traditional marketing strategies, including product development and brand extensions, remain influential in reaching target markets (Katz, 2022; Schmitt, 1999). Despite social media's rise, traditional marketing still holds value in creating awareness and interest (Belch & Belch, 2014). Organizations are exploring ways to integrate social media with traditional strategies (Sririnivasan et al., 2016). Traditional marketing supports ROI-focused strategies and often precedes social media campaigns, providing short-term benefits (Geraghty & Conway, 2016). Research now considers customer interactions in online and offline environments crucial for high-involvement products like life insurance (Libai, 2011). Therefore, the following hypothesis is proposed:

H2: Traditional marketing communications have a positive impact on customer-to-customer interactions.

The Impact of Customer-to-Customer Interactions to Customer Decision-Making Process

Previous research has focused on social media aspects like engagement, dialogue, transparency, authenticity, and influence, highlighting peer-to-peer communication's impact on purchase decisions (Wells & Foxall, 2012). Electronic word-of-mouth motivations include social benefits, economic benefits, concern for others, and self-enhancement (Hennig-Thurau et al., 2004). Reviews on social media aid informed buying decisions (Forman et al., 2008; Pan & Chiou, 2011).

Social media enhances customer relationships, fostering brand-initiated online communities (Libai, 2011; Muniz & O’Guinn, 2001). These communities facilitate communication and feedback on products and services. Social media alters the traditional decision-making process, enabling product comparisons and customer reviews (Edelman & Singer, 2015).

The role of customer-to-customer interactions in the decision-making process is significant, shaping marketing strategies (Adjei et al., 2010; Wang et al., 2012). Research now explores the impact of these interactions in the digital landscape (Fisher, 2009; Sands et al., 2011). Customer-to-customer interactions are increasingly studied for their influence on the decision-making process (Moore et al., 2005), enriching product searches and considerations (Bitner, 1992; Grove & Fisk, 1997; Wu, 2007). Consequently, the following hypothesis is proposed:

H3: Customer-to-customer interactions have a positive impact on the customer decision-making process.

The Impact of Customer-to-Customer Interactions to Brand Preference

Brand preference is crucial in purchasing, especially for high-involvement products like life insurance (De Vries et al., 2017; Shuba et al., 2010). Online communities on social media platforms facilitate brand sharing and knowledge exchange (Zaglia, 2013). Brand posts and consumer-initiated interactions on social media offer insights into controllable aspects and individual opinions (Schultz, 2016). Discussion forums in online communities facilitate learning and influence purchase behavior (Adjei et al., 2010). Despite being underexplored, customer-to-customer interactions play a significant role in service delivery (Baron et al., 2007).

Traditional marketing efforts continue alongside social media, emphasizing the importance of two-way communication in relationship marketing (Grönroos, 2004). Traditional advertising aims to create brand awareness and preference (Keller, 1993). In the banking industry, branding initiatives aim to build emotional bonds with customers (X. Wang et al., 2012), influencing the decision-making process (Foxall, 2004). Therefore, the study proposes the following hypothesis:

H4: Customer-to-customer interactions have a positive impact on brand preference.

The Impact of Brand Preference on Customer Decision-Making Process

Wang (2014) discovered that brand preference has a positive impact on the intention to purchase mutual funds among users, regardless of their investment experience. Chang et al., (2008) characterize brand preference as a customer's inclination towards a particular brand. In the context of purchasing decisions, which involve choosing between alternatives, brand preference plays a crucial role (Chang & Liu, 2009). Brands can potentially broaden the range of options considered during the decision-making process (Court et al., 2009). Given the long-term commitment associated with life insurance, brand preference becomes an essential factor in the decision-making process. Customers are likely to prefer a specific brand when contemplating life insurance purchases. Based on these observations, the following hypothesis can be derived:

H5: Brand preference has a positive impact on the customer decision-making process.

The Impact of Customer-to-Customer Interactions to Customer Decision-Making Process is mediated by Brand Preference

The role of brand preference in purchase intention has been emphasized by Chang & Chen (2008) and Wang (2014). Customer-to-customer interactions are crucial in gathering information and recommendations, particularly for high-involvement products like life insurance (Cobb-Walgren et al., 1995). Brand familiarity has an impact on evaluations and purchase intentions (Keller, 1993; Laroche et al., 1996).

Brand preference reflects a customer's bias toward a particular brand, influencing purchase decisions (Ebrahim et al., 2016). Strong brands help reduce perceived risk and enhance trust, which are crucial factors for complicated purchasing decisions (Keller, 1993). Traditional marketing approaches focus on features, benefits, and straightforward decision-making (Schmitt, 1999). Ultimately,
brand preference increases the likelihood of purchase by aligning with customer preferences. Given the prior research and discussion on customer interaction and the decision-making process, the following hypothesis is derived:

**H6: The positive impact of customer-to-customer interactions on the customer decision-making process is mediated by brand preference**

**Research and Methodology**

This research employs a mixed methods approach that integrates quantitative and qualitative methodologies, specifically through interviews. Quantitative data is collected through online surveys to test hypotheses and understand research constructs (Creswell & Creswell, 2018). Expert interviews with certified financial planners supplement understanding of the market landscape, customer needs, financial knowledge, and social media’s role in decision-making (Creswell & Creswell, 2018). These interviews provide insights into traditional marketing, customer interactions, and the influence of social media on decision-making processes.

The research targets Indonesians residing in Greater Jakarta who do not use individual life insurance products but have social media accounts. The population is considered infinite, encompassing individuals who do not pay for their life insurance but may have government social security insurance or insurance coverage through employee benefits (group insurance). Those who previously purchased policies but stopped premium payments are excluded. The study focuses on the entire life insurance industry, including various products like life protection, health protection, accidental protection, and investment-linked insurance aligned with wealth protection and accumulation.

The research utilizes data from (APJII, 2017) to determine the targeted segment. It indicates that Indonesians aged 25 to 45 are prospective life insurance users, considering their growing needs for life protection and wealth accumulation during their productive years. Additionally, the data shows that Indonesia’s internet users are predominantly between 19-34 and 35-54 years old. Questionnaire items were adopted from various past literatures to measure social media communications (Raacke & Bonds-Raacke, 2008), traditional marketing communications (Cebulsky et al., 2017; Joithi, 2012; Raacke & Bonds-Raacke, 2008; Trusov et al., 2009), customer-to-customer interaction (Joithi, 2012; Kang & Schuet, 2013; D. H. Park et al., 2007; Prendergast et al., 2010; Zhu et al., 2016), brand preference (Ebrahim et al., 2016; Wang, 2010) and customer decision-making (Chang & Chen, 2008; Ebrahim et al., 2016; Zhu et al., 2016).

The study utilizes Structural Equation Modeling (SEM) as its statistical approach for data analysis. SEM was selected due to its ability to account for abstract and theoretical constructs derived from theoretical literature and its capacity to represent unobserved concepts and constructs. Hair et al. (2017) state that SEM extends several multivariate techniques, most notably factor analysis and multiple linear regressions.

**Findings and Discussions**

**Findings**

The questionnaires were distributed online, with 310 completed responses out of 500 distributed. These responses form the dataset for the research. The analysis includes the general profiles of respondents, such as age distribution, occupation, education level, monthly household expenses, and bank investments. Before analyzing the relationship between independent (exogenous) and dependent (endogenous) variables, detailed findings regarding respondents’ profiles are presented in Table 1 to deepen the understanding of the sample.

In the research, 147 respondents (47.4%) were male, while 163 respondents (52.6%) were female, indicating a predominance of female respondents. Regarding age distribution, the majority fell within the 25 to 30 age group, with 138 respondents (44.5%), followed by the 31 to 35 age group with 87 respondents (28.1%). The remaining respondents were distributed across the 36 to 40 and 41 to 45 age groups.

Regarding monthly household expenses, 68 respondents (21.9%) reported expenses exceeding Rp 7,000,000, while most fell within the Rp range, 3,000,001 to Rp 4,000,000 (18.7%) and Rp 6,000,001 to Rp 7,000,000 (18.4%). These statistics indicate that most respondents had relatively high monthly household expenses.

Regarding personal investments in banks, 160 respondents (51.6%) reported holdings below Rp 50,000,000, while 68 respondents (21.9%) had investments between Rp 50,000,000 and Rp 100,000,000. Additionally, 59 respondents (19%) reported investments between Rp 100,000,001 and Rp 500,000,000, and 23 respondents (7.4%) had investments exceeding Rp 500,000,000.

In terms of education, 198 respondents (63.9%) held bachelor's degrees (S1), while 51 respondents (16.5%) completed high school. Additionally, 38 respondents (12.3%) completed diploma programs, and 23 (7.4%) held master's degrees.
Table 2: Respondent Profile

<table>
<thead>
<tr>
<th>Profile</th>
<th>Total Respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>147</td>
<td>47.4</td>
</tr>
<tr>
<td>Female</td>
<td>163</td>
<td>52.6</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 - 30 years of age</td>
<td>138</td>
<td>44.5</td>
</tr>
<tr>
<td>31 - 35 years of age</td>
<td>87</td>
<td>28.1</td>
</tr>
<tr>
<td>36 - 40 years of age</td>
<td>56</td>
<td>18.1</td>
</tr>
<tr>
<td>41 - 45 years of age</td>
<td>29</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Household expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; Rp 7,000,000</td>
<td>68</td>
<td>21.9</td>
</tr>
<tr>
<td>Rp 6,000,001 to Rp 7,000,000</td>
<td>57</td>
<td>18.4</td>
</tr>
<tr>
<td>Rp 5,000,001 to Rp 6,000,000</td>
<td>51</td>
<td>16.5</td>
</tr>
<tr>
<td>Rp 4,500,001 to Rp 5,000,000</td>
<td>41</td>
<td>13.2</td>
</tr>
<tr>
<td>Rp 4,000,001 to Rp 4,500,000</td>
<td>35</td>
<td>11.3</td>
</tr>
<tr>
<td>Rp 3,000,001 to Rp 4,000,000</td>
<td>58</td>
<td>18.7</td>
</tr>
<tr>
<td><strong>Personal investment in banks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below Rp 50,000,000</td>
<td>160</td>
<td>51.6</td>
</tr>
<tr>
<td>Rp 50,000,000 to Rp 100,000,000</td>
<td>68</td>
<td>21.9</td>
</tr>
<tr>
<td>Rp 100,000,001 to Rp 500,000,000</td>
<td>59</td>
<td>19.0</td>
</tr>
<tr>
<td>Above Rp 500,000,000</td>
<td>23</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Level of education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMA</td>
<td>51</td>
<td>16.5</td>
</tr>
<tr>
<td>Diploma</td>
<td>38</td>
<td>12.3</td>
</tr>
<tr>
<td>S1</td>
<td>198</td>
<td>63.9</td>
</tr>
<tr>
<td>S2</td>
<td>23</td>
<td>7.4</td>
</tr>
<tr>
<td>S3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>216</td>
<td>69.7</td>
</tr>
<tr>
<td>Government officials</td>
<td>16</td>
<td>5.2</td>
</tr>
<tr>
<td>Businessmen</td>
<td>49</td>
<td>15.8</td>
</tr>
<tr>
<td>Entrepreneurs</td>
<td>6</td>
<td>1.9</td>
</tr>
<tr>
<td>Freelance</td>
<td>7</td>
<td>2.3</td>
</tr>
<tr>
<td>Housewives</td>
<td>12</td>
<td>3.9</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>1.3</td>
</tr>
</tbody>
</table>

**Source:** Processed Data, 2024

Regarding occupation, 216 respondents (69.7%) worked in the private sector, followed by 49 respondents (15.8%) who were self-employed. There were also 16 respondents (5.2%) who were government officials, 12 respondents (3.9%) who were housewives, and smaller numbers engaged in freelancing, entrepreneurship, or other unspecified occupations.

Table 3: Goodness of Fit Test

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Compute GOFI Value</th>
<th>Standard Value for Good Fit</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>p-value</td>
<td>0.0</td>
<td>&gt; 0.05</td>
<td>Marginal value</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.059</td>
<td>≤ 0.08</td>
<td>Good Fit</td>
</tr>
<tr>
<td>NFI</td>
<td>0.98</td>
<td>&gt; 0.9</td>
<td>Good Fit</td>
</tr>
<tr>
<td>NNFI</td>
<td>0.98</td>
<td>&gt; 0.9</td>
<td>Good Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>0.99</td>
<td>&gt; 0.9</td>
<td>Good Fit</td>
</tr>
<tr>
<td>IFI</td>
<td>0.99</td>
<td>&gt; 0.9</td>
<td>Good Fit</td>
</tr>
<tr>
<td>SRMR</td>
<td>0.04</td>
<td>≤ 0.05</td>
<td>Good Fit</td>
</tr>
<tr>
<td>GFI</td>
<td>0.91</td>
<td>&gt; 0.9</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

**Source:** Processed Data, 2014

According to Table 2, it can be inferred that the goodness of fit testing corresponds to the overall suitability of the model.
Table 4: Validity and Reliability Tests

<table>
<thead>
<tr>
<th>Social Media Communication</th>
<th>T-Value</th>
<th>Loading</th>
<th>Composite Reliability</th>
<th>Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Motivation</td>
<td>13.54</td>
<td>0.77</td>
<td>0.94</td>
<td>0.8</td>
</tr>
<tr>
<td>Entertainment Motivation</td>
<td>15.93</td>
<td>0.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Interaction And Connection</td>
<td>19.99</td>
<td>0.96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>20.68</td>
<td>0.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional Marketing communications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Usefulness</td>
<td>12.83</td>
<td>0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Motivation</td>
<td>10.15</td>
<td>0.56</td>
<td>0.76</td>
<td>0.51</td>
</tr>
<tr>
<td>Information Credibility</td>
<td>16.80</td>
<td>0.83</td>
<td></td>
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<tr>
<td>Perceived Enjoyment</td>
<td>16.24</td>
<td>0.80</td>
<td></td>
<td></td>
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<tr>
<td>Customer-to-Customer Interaction</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Information Quality</td>
<td>18.76</td>
<td>0.9</td>
<td>0.94</td>
<td>0.72</td>
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<tr>
<td>Information Credibility</td>
<td>15.42</td>
<td>0.78</td>
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<tr>
<td>Informational Influence</td>
<td>18.23</td>
<td>0.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Communities Ties</td>
<td>15.78</td>
<td>0.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Literacy</td>
<td>18.21</td>
<td>0.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Preference</td>
<td>Pbv2</td>
<td>7.13</td>
<td>0.58</td>
<td>0.99</td>
</tr>
<tr>
<td></td>
<td>Pbv3</td>
<td>9.63</td>
<td>0.95</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pbv4</td>
<td>9.81</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Customer Decision-Making Process</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Behavioral Intention</td>
<td>10.32</td>
<td>0.95</td>
<td>0.77</td>
<td>0.64</td>
</tr>
</tbody>
</table>

Source: Processed Data, 2014

Based on Table 3, after removing the t-value of < 1.96, all t-values of each dimension forming the latent variables are ≥ 1.96. Hence, it can be concluded that the validity of all dimensions from the latent variables is Good. Composite reliability and variance extracted from all dimensions of the latent variables are good. Hence, it can be concluded that the reliability of all dimensions from the latent variables is Good.

Table 5: Hypothesis Test Results on Structural Model

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t-Value</th>
<th>Standardized Coefficient</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Social media communication (SMC) Customer-to-customer Interactions (C2C)</td>
<td>1.15</td>
<td>0.06</td>
</tr>
<tr>
<td>H2</td>
<td>Traditional MarketingCommunications Customer-to-customer Interactions (C2C)</td>
<td>11.87</td>
<td>0.86</td>
</tr>
<tr>
<td>H3</td>
<td>Customer-to-customer CustomerDecision-Making (CDMP) Interactions (C2C)</td>
<td>3.54</td>
<td>0.54</td>
</tr>
<tr>
<td>H4</td>
<td>Customer-to-customer Interactions (C2C) BrandPreference (BF)</td>
<td>10.14</td>
<td>0.68</td>
</tr>
<tr>
<td>H5</td>
<td>Brand Preference (BF) Customer Decision-Making (CDMP)</td>
<td>3.86</td>
<td>0.21</td>
</tr>
<tr>
<td>H6</td>
<td>Customer-to-customer Interactions (C2C) BrandPreference (BF) Customer Decision-Making (CDMP)</td>
<td>3.85</td>
<td>0.14</td>
</tr>
</tbody>
</table>

Source: LISREL
The results of the SEM analysis on Hypothesis 1 (H1) indicate that the t-value of 1.15 is less than 1.96. The result suggests that social media communication has a weak impact on driving customer-to-customer interactions. The SEM analysis on Hypothesis 2 (H2) indicates that the t-value of 11.87 is greater than 1.96. The result suggests that traditional marketing communications are important in driving customer-to-customer interactions. The SEM analysis on Hypothesis 3 (H3) indicates that the t-value of 3.54 is greater than 1.96. The result suggests that customer-to-customer interactions positively impact the customer decision-making process. The SEM analysis on Hypothesis 4 (H4) indicates that the t-value of 10.14 is greater than 1.96. The number suggests that customer-to-customer interactions are important in driving brand preference. The SEM analysis on Hypothesis 5 (H5) indicates that the t-value of 3.86 is greater than 1.96. The number suggests that brand preference positively impacts the customer decision-making process. The SEM analysis on Hypothesis 6 (H6) indicates that the t-value of 3.85 is greater than 1.96. The result suggests that the positive impact of customer-to-customer interactions on the customer decision-making process is mediated by brand preference.

Discussion

The Impact of Social Media Communication on Customer-to-Customer Interactions

This study's findings suggest that social media communication has minimal impact on customer-to-customer interactions in the life insurance sector. Instead, life insurance is primarily promoted through direct channels rather than discussions on social media platforms. The lack of interest in discussing life insurance on social media may stem from the Indonesian population's limited financial and insurance literacy. Cultural factors, such as reliance on family support during crises or religious beliefs regarding future planning, may also contribute to low engagement with life insurance on social media. These results underscore the importance of social media communication, which focuses on enhancing literacy and engagement rather than solely promotional efforts. Despite a substantial number of social media users, particularly among digitally-savvy age groups like 25-30 and 30-35, the demand for life insurance remains relatively low compared to short-term products. The limited awareness of life insurance, compounded by the availability of national health security schemes, is further pronounced among employees whose health coverage is typically provided by their employers. Following Expert B's statement:

“There is a growing recognition of the need for life insurance, yet this understanding has had little impact on the growth of the life insurance industry. This phenomenon is particularly evident among millennials, who tend to have a limited understanding of financial planning.”

In addition, Expert B provided insight into the factors contributing to the lack of progress in the life insurance industry:

“The significance of purchasing life insurance does not depend on an increase in income, as the importance remains constant. However, as a person's lifestyle changes, so too do their financial expenses, which are influenced by the cost of inflation for lifestyle components.”

The significant interest in social media among the 25-35 age group contrasts with their relatively low interest in purchasing life insurance. This disparity may be due to several factors. Firstly, life insurance is intangible, with benefits that often require a longer timeframe to materialize, unlike short-term investment products that may be more appealing. Secondly, despite social media facilitating one-way and two-way communication, its impact on life insurance conversations is limited by the general public's unfamiliarity with the product. Insufficient knowledge and understanding of life insurance benefits hinder the effectiveness of social media communication in fostering customer-to-customer interaction. This finding contrasts with prior research (Trusov et al., 2009), which emphasized the influence of social networking sites on shaping opinions. However, in life insurance, the lack of awareness and familiarity with the product diminishes the potential impact of social media communication on customer interaction. The expansion of social media communities has not significantly impacted the development of targeted market segments for life insurance products, particularly those aged 25 to 45. Expert B noted that these individuals do not prioritize life insurance in their financial planning, and the product's complexity requires specialized knowledge to comprehend and evaluate its details. For the age groups of 25-35 and 35-45, Expert B provided insightful commentary:

“Members of Generation X demonstrate a greater motivation for financial planning as they aim to effectively manage their financial well-being, largely due to their responsibilities towards their dependents. However, similar to Generation Y, this group also lacks a comprehensive understanding of their financial health needs.”

Social media communication's limited impact on customer-to-customer interaction is linked to low awareness about life insurance as a wealth protection and accumulation product. Despite significant resources and budget allocated to social media communication, it is not primarily focused on promoting the importance of life insurance and its role in preserving life and wealth. Regarding regulation, life insurance has not been effectively marketed as a long-term investment portfolio to maintain one's lifestyle. This contrast is notable when compared to retail government bonds, which are short-term investments and thus easier to gain attention, as evidenced by the yearly Indonesia Insurance Day event. Nonetheless, the popularity of life insurance continues to be relatively low, as indicated by Expert D's observations during financial planning workshops and seminars conducted with a large group of individuals:

“The correlation between the higher income of individuals below the age of 40 and their emphasis on life insurance is unclear. Instead, this demographic prioritizes basic children's education funds, such as tuition fees, over protecting those funds and their lifestyle.”
In academic discourse, it is supported by Goh et al. (2013), where social media impacts customer-to-customer interactions through embedded information and persuasion, which vary based on directed or undirected communication modes. The emphasis lies on informative and persuasive interactions rather than communication content. Adjei et al. (2010) found that social media mainly serves for pre-purchase information gathering, emphasizing the importance of information sources for influential interactions. Huang & Hsu (2010) stressed the importance of interaction quality in customer-to-customer interactions, urging careful social media management.

Whiting & Williams (2013) encouraged sharing information among customers. The research evaluates social media communication based on the perceived usefulness theory, finding it informative and valuable. However, the perceived usefulness had an insignificant impact on customer-to-customer interactions despite social media usage. This result contrasts with Dunne et al. (2010), where social media gratifications aimed to facilitate social interactions.

**The Impact of Traditional Marketing Communications on Customer-to-Customer Interactions**

This research underscores the significance of conventional marketing communication methods, such as print advertisements and personal selling, in promoting financial planning and well-being. It highlights their capacity to facilitate persuasive interactions and disseminate knowledge within communities. Most participants in the study are under 40 and employed, relying heavily on employer-provided insurance. As a result, repetitive messaging and direct personal selling are crucial for life insurance awareness, as confirmed by financial planners interviewed for the research. Millennials show limited interest in life insurance, reinforcing the need for traditional marketing methods like advertising and personal selling. This research aligns with Srinivasan et al. (2016) on the importance of advertising in building awareness and knowledge. Although traditional marketing does not facilitate many-to-many interactions, it excels in developing awareness and facilitating information seeking. This result aligns with the uses and gratification theory (Ko et al., 2005; Raacke & Bonds-Raacke, 2008), emphasizing the importance of information exchange in interpersonal communication. This view is echoed by Expert C as follows:

“The conventional means of communication facilitates the dissemination of knowledge and the enhancement of awareness about life insurance.”

Expert C subsequently stated:

“The function of sales agents is to disseminate information about life insurance, especially given the prevalence of limited life insurance knowledge in the customer market.”

Based on experts' opinions, as indicated by the information gathered from interviews, it can be inferred that conventional marketing communication strategies remain effective in enhancing the understanding of life insurance, with a particular emphasis on the function of sales agents/financial advisors. As per the perspective of Expert A:

“*Their brand representative, sales agent, or advisor role is essential. They convey information about products and their benefits, provide solutions for protection and financial needs, and explain the importance and operation of life insurance in the event of risk.*”

Expert A further emphasizes:

“Sales agents and financial advisors are responsible for informing customers about the value of life insurance and its financial risks.”

Life insurance is often viewed as a product one ignores or only sees as necessary during urgent life or health situations. Sales agents and financial advisors are crucial in creating this perceived need. Even e-commerce companies acknowledge the importance of traditional marketing in raising awareness and reaching a wider audience. This ties into the idea that life insurance is an unsought product, requiring efforts to create the need for it. Interactions with others, influenced by various advertising forms, contribute to this need's emergence. The research participants, mainly from higher socioeconomic backgrounds and employed, face challenges in recognizing the need for life insurance, partly due to comprehensive employee benefits.

**The Impact of Customer-to-Customer Interactions on Customer Decision-Making Process**

This finding is consistent with the customer decision-making process, where product information is often obtained through the influence of family, friends, and peer groups. The absence of financial literacy among many millennials means that customer interactions are essential for increasing awareness and understanding. As outlined in the McKinsey model, the iterative decision-making process underscores the importance of guidance at stages such as needs recognition and evaluation, particularly for high-involvement products like life insurance. Customer-to-customer interactions are critical in facilitating the transition from awareness to the desire to purchase. Zhu et al. (2016) support this, highlighting the influence of such interactions on the evaluation of product usefulness. The strength of offline and online customer connections further reinforces this interaction. Furthermore, the quality of customer interactions, as emphasized by Bruhn et al. (2014), aids in gathering information and compiling recommendations, reducing barriers to purchasing life insurance. Bigne et al. (2018) additionally confirm the impact of social influence on customer intentions for future purchases, both offline and online.

**The Impact of Customer-to-Customer Interactions on Brand Preference**

Customer-to-customer interactions significantly impact social influence and the low market penetration of life insurance. These interactions are crucial for raising brand awareness and highlighting the need for life insurance, with peer influence playing a pivotal
role. They facilitate brand information dissemination and enhance information processing, leading to brand knowledge formation. This finding is consistent with Payne et al. (2017) research on customer-to-customer interactions and brand preference, emphasizing customer-brand touchpoints as engagement opportunities. Expert interviews suggest that brand preference results from the brand introduction and educational efforts gathered through various interactions, including social media, traditional marketing, and product discussions. As per Expert C's statement:

“The social interactions of customers with one another provide a reference point for a particular brand. Brand preference is influenced by these interactions, which are related to external sources of information that serve as references.”

In a very sharp statement, Expert D said:

“The public’s eagerness to exchange ideas and engage with one another has given rise to this (brand), which embodies the essence of their collective experience.”

The Impact of Brand Preference on Customer Decision-Making

This finding highlights the significance of brands in shaping consumer choices, particularly in situations where product-based advantages may diminish. Brand familiarity aids customers, especially those with low financial literacy, in evaluating options and recognizing the importance of life insurance. This notion aligns with past research on the role of brand in projecting customer intentions and purchase decisions (Ebrahim et al., 2016).

Philiastides & Ratcliff (2013) also underscore the importance of brand in customer decision-making, emphasizing its incorporation into the decision-making process and its potential to alter choices. Earlier research on brand preference, particularly for high-involvement products like life insurance, further supports this (Cobb-Walgren et al., 1995). As a non-daily consumption product, life insurance necessitates brand elements to facilitate decision-making.

Furthermore, Sousa et al. (2018) confirm the connection between brand preference and product/purchase decision, while Chang & Liu (2009) define brand preference as the bias towards a particular brand over alternatives. Expert interviews further reinforce the role of the brand as a crucial factor in the decision-making process, representing trust and insurer reputation. A brand serves as the intangible identity of life insurance, the accurate representation of the insurer.

Quoting Expert D:

“Brand is a crucial consideration when purchasing life insurance, as it is a long-term commitment and a legally binding contract. A reputable brand instills confidence in customers that the company will fulfill its financial obligations when the policy matures.”

The significance of brand is paramount in this context to guarantee that life insurers are financially sound in the long term and capable of fulfilling their obligations to customers. In a similar vein, Expert A elucidated the importance of the brand by concluding:

“Leveraging a strong brand can be valuable in establishing customer trust. People often form preferences based on their understanding and perception of a brand and its offerings. Social interactions and recommendations from others can also significantly guide customers towards a particular brand and fulfill their needs.”

The role of the brand is also strengthened by Expert C:

“When deciding to acquire a life insurance policy, consumers are not only influenced by their rapport with agents but also by the brand's reputation and its standing in the market.”

The Impact of Customer-to-Customer Interactions on Customer Decision-Making is Mediated by Brand Preference

The research concludes that brand internalization hinges on discussions, shared information, and knowledge exchange, shaping the target market's understanding and decision-making process. In the life insurance sector, digital and social media platforms play a significant role in customer acquisition and engagement, fostering peer-to-peer interactions crucial for brand differentiation. Commenting on the brand and customer decision-making process, Expert B mentioned:

“A widely recognized brand enhances the level of trust that customers have in the products or services offered, and it also assists in mitigating any potential concerns that may emerge after the purchase.”

The present study corroborates the findings of Su and Huang (2018), which explored the mediatory function of brand preferences in influencing consumers' intention to select and purchase a product in the context of a tourism destination.

According to a study, financial planning experts concurred that the lack of a brand hampers socialization, particularly for complex life insurance products requiring extensive interaction to guarantee accurate, dependable, and trustworthy information. They also highlighted the distinctive nature of life insurance, which is generated through demand and requires communication between customers, typically relatives and acquaintances, and community members to stimulate the development of needs and the probability of buying during decision-making.
Expert B mentioned:

“A brand that has established a reputation from pre to post-purchase is likely to influence the decision-making process. A well-known brand can enhance trust levels and alleviate concerns about post-purchase issues.”

Moreover, Expert B expands on the significance of branding in the sales process:

“A brand from market leaders can instill confidence in customers that they purchase from a reputable company. Furthermore, a brand is closely connected to providing more tangible benefits, which can aid agents in the sales process.”

Conclusions

This study examines the customer decision-making process within Indonesia’s life insurance industry, specifically focusing on the influence of social media communication compared to traditional marketing methods. Despite the significant growth of social media users, particularly among the younger demographic, insurers face challenges in expanding their market reach due to low levels of insurance literacy. The research constructs a theoretical framework that explores various aspects of customer decision-making, focusing on customer-to-customer interactions and brand preference. By analyzing data collected from online questionnaires distributed in Greater Jakarta, Indonesia, the study elucidates the intricate relationship between social media communication, traditional marketing efforts, customer interactions, brand preference, and the decision-making process. Findings suggest that while social media communication has a limited impact on customer interactions due to low insurance literacy and the non-urgent nature of life insurance, traditional marketing significantly influences customer interactions, mainly through advertising and personal selling.

Moreover, customer-to-customer interactions are pivotal in guiding customers through peer communication, positively affecting their decision-making process. These interactions also enhance brand preference by increasing awareness and understanding of various brand options. Brand preference is a critical factor influencing the decision-making process, especially for high-involvement products like life insurance. Additionally, the impact of customer-to-customer interactions on decision-making is mediated by brand preference, highlighting the pivotal role of brands in shaping customer decisions and fostering customer engagement in the life insurance market.

This study investigates the process of acquiring customers in the life insurance sector, concentrating on conventional marketing strategies and the decision-making journeys of consumers. Although the importance of traditional marketing, which includes television, print, and personal selling, has declined due to digitalization, it remains significant because of the low level of insurance literacy among customers. Insurance companies must understand the customer journey, from being aware of their needs to increasing financial literacy and adapting their marketing strategies accordingly. Future research should aim to expand the scope of this study beyond Greater Jakarta and explore qualitative research methods like ethnography while also considering variables such as corporate reputation. These efforts will provide a more comprehensive understanding of the customer journey and enhance customer engagement in the life insurance sector. Longitudinal studies may be conducted in the future to examine how customers’ attitudes and behaviors towards life insurance change over time. Additionally, future experimental studies may focus on exposing various marketing messages to different groups of potential customers to determine their impact.

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