Article

Mediating Role of Customer Trust in the Relationship between Promotion on Customer Satisfaction

Benhart Nainggolan [a],* and Eka Mayastika Sinaga [a]

[a]   Department of Management, Sekolah Tinggi Ilmu Ekonomi Bina Karya Tebing Tinggi Sumatera Utara, Indonesia;
      mayastikasinaga@gmail.com (E.M.S)
*   Correspondence: benhartnainggolan@gmail.com (B.N)

Abstract: Today, the COVID-19 pandemic has hit the world since March 2020 and has affected the insurance industry insurance companies are facing a sharp decline in the value of stocks, bonds, and property. This study aims to identify customer satisfaction levels during pandemics in using insurance services. This quantitative study uses a survey questionnaire of 97 respondents. The data was analysed using Partial Least Square, which was assisted by the statistical software SmartPLS-3. The result indicated that the promotion significantly and positively affects customer satisfaction. Besides that, this study found that customer trust does not mediate the relationship between promotion and customer satisfaction. In conclusion, this study has successfully identified the promotion effect on customer satisfaction and the role of customer trust in customer satisfaction.

Keywords: promotion; customer trust; customer satisfaction; insurance company.

1. Introduction

The Covid-19 pandemic that has hit the world since March 2020 has affected the insurance industry (Babuna et al., 2020). The Covid-19 pandemic and economic recession in Indonesia could be catalysts for the insurance industry's transformation (Lath et al., 2020). The challenge facing the insurance industry now is the sharp decline in the value of stocks, bonds, and property owned by insurance companies (Baluch et al., 2011). The decline makes the mark to market a loss on insurance company investments. Another challenge during this pandemic is that insurance claims are rising, both life and non-life insurance. At the time of the covid-19 pandemic, premium receipts decreased because the income of policyholders decreased, or insurance staples decreased with decreased economic activity (Burhanuddin et al., 2020). The increase in Covid-19 claims also occurred in PT. Allianz Life Indonesia insurance which until mid-May 2021 has paid claims amounting to IDR 298.19 billion. Of the 97% of claims are Covid-19 comes from health insurance. Below is a pre-initial survey that researchers conducted to 30 customers regarding customer satisfaction.

Table 1 shows that customers who agree with customer satisfaction are 81.11%, while the rest is 18.89%. This condition indicates the indication of customer satisfaction of PT. Allianz Life Indonesia insurance in the city of Tebing Tinggi is relatively high. From these figures, the services provided by insurance companies are very high levels of customer satisfaction in the city of Tebing Tinggi.

Table 1. Pre-Survey Data on Customer Satisfaction with Customers in Tebing Tinggi City.

No	Statement	Alternative Answers	
		Agree %	Disagree %
1	Conduct transparent transactions with customers	86.67	13.33
2	Service in accordance with expectations	80.00	20.00
3	Would recommend it to others	76.67	23.33
Customer Satisfaction		81.11	18.89

According to Ibrahim (2011), promotion is a form of marketing communication. Marketing communication is a marketing activity that seeks to disseminate information, influence or persuade and remind the target market or company and its products to be willing to accept, buy and be loyal to the products offered by the company concerned. The following is a pre-survey table that researchers conducted for 30 customers regarding promotional variables can be seen in Table 2.

Table 2. Pre-Survey Data on Promotion of Customers in Tebing Tinggi City.

No	Statement	Alternative Answers	
		Agree %	Disagree %
1	The promotions offered are very interesting.	90.00	10.00
2	Use appropriate and good promotional media	93.33	6.67
3	Conduct transparent transactions with customers	86.67	13.33
4	Providing the best service for its customers	83.33	16.67
Promotion		88.33	11.67

Table 2 captures the customers who agree with the promotion as 88.33%, while the rest is 11.67%. The condition indicates that the customer promotion of PT. Allianz Life Indonesia insurance in the city of Tebing Tinggi is very relatively high. And customers are more interested in the promotions carried out by insurance companies. It's not just the promotion of PT. Allianz Life Indonesia insurance in Tebing Tinggi is also demanded to create customer trust. Trust is in conducting transaction relationships based on a belief that the person he trusts is following what is expected (Simpson, 2012). To see from the perspective of customers, especially regarding trust, researchers conducted a pre-survey of 30 customers, and the results are shown in Table 3 below.

Table 3. Pre-Survey Data on Customer Confidence in Customers in Tebing Tinggi City.

No	Statement	Alternative Answers	
		Agree %	Disagree %
1	Information and explanations in accordance with reality	90,00	10,00
2	Responsible for problems when something goes wrong	90,00	10,00
3	Interested in every product offered	60,00	40,00
Customer Trust		80,00	20,00

Table 3 shows that 80.00% of customers agree with customer confidence and 20.00% disagree with customer confidence. The data can show an indication of customer confidence pt. Allianz Life Indonesia insurance in The City of Tebing Tinggi is very high. This data shows that customers in Tebing Tinggi still strongly believe in the company PT. Allianz Life Indonesia insurance is an insurance service company that can divert the risks that can occur under any circumstances and conditions. Companies that do not pay attention to promotions and maintain customer trust will certainly experience customer dissatisfaction, which can decrease marketing performance. Therefore, the company needs to pay attention to the promotion carried out. Still, the customer's trust factor can also determine whether the customer continues to use insurance services offered by PT. Allianz Life Indonesia Insurance in Tebing Tinggi city. Thus, the current study seeks to analyse the effect of promotion on customer satisfaction with customer trust as mediation at PT. Allianz Life Indonesia Insurance in Tebing Tinggi city.

2. Literature Review

2.1. Promotion

Promotion is activities that communicate the product's merits and persuade target customers to buy (Odunlami & Akinruwa, 2014). It means that promotion is an activity that communicates the benefits of a product and persuades the target consumer to buy the product. The strategy that the company can communicate products is to use a promotion mix strategy, which consists of four main components, namely advertising (promotion), promotion (promotion), public relations, and individual sales (personal selling). Promotion consists of a collection of short-term incentive tools designed to stimulate faster or greater consumer or trade purchases of a product or service (Achrol, 1996; Pembi et al., 2017; Sakara & Alhassan, 2014). So, it can be interpreted that the main part of sales promotion is to inform, influence, persuade, and remind target customers about the company and its marketing mix.

2.2. Customer Trust

Trust is a form of attitude that shows feelings of liking and persisting in using a product or brand (Efendi et al., 2022). Trust will arise from the customer's mind if the services obtained can provide the benefits or value that customers want in the expected services. Customer trust also lies in the popularity of the company itself; the better and better the services provided, the more confident the customer will trust the company's reliability. The existence of trust is indicated by the quality obtained from first buying or feeling the services utilised. A growing business is one that is pioneered with trust and a trusted company or marketer (Achrol, 1996). Many experts who research trust state that consumer confidence is the conclusion of consumers based on their knowledge about a product's characteristics. Dimitriadis & Kyrezis (2010) argue that consumer trust is built through two dimensions, namely trusting belief and trusting intention.

2.3. Customer Satisfaction

Customer satisfaction is the feeling of pleasure or disappointment of someone who appears after comparing the performance (results) of the estimated service to the expected performance (Prasilowati et al., 2021). So that it can be interpreted to satisfy customers' needs is the desire of every company. In addition to factors important for the company's survival, satisfying customer needs can increase the advantage in competition. Consumer satisfaction is the feeling a person feels after comparing (performance or results) that are felt compared to his expectations (Syafarudin, 2021). Customers can experience one of three levels of general satisfaction. When the performance is below expectations, the customer will feel disappointed. Still, if the performance is by expectations, the customer will feel satisfied, and if the performance can exceed expectations, then the customer will feel very satisfied, happy or happy.

3. Materials and Methods

The data collection technique in this study uses questionnaires distributed to research samples: PT's customers. Allianz Life Indonesia Insurance in Tebing Tinggi city. The sample in this study is a representative of pt. Allianz Life Indonesia Insurance in Tebing Tinggi city. Because the number of populations is unknown, the number of samples is sought with the formula Cochran (Sugiyono, 2013). On the basis of the calculation of the Cochran formula, the sample taken is 97 respondents. The technique used for sampling is accidental sampling. PLS explains whether there is a relationship between latent variables (prediction). The PLS (Partial Least Square) method consists of two sub-models, namely the measurement model (outer model) and the structural model (inner model).

4. Results and Discussion

4.1. Inner Model

The evaluation of the inner model can be seen from several indicators that include coefficients of determination (R^2), Predictive Relevance (Q^2) and Goodness of Index (GoF) (Hussien, 2015). The results of the structural model displayed by smartPLS version 3.3.3 in this study are as follows:
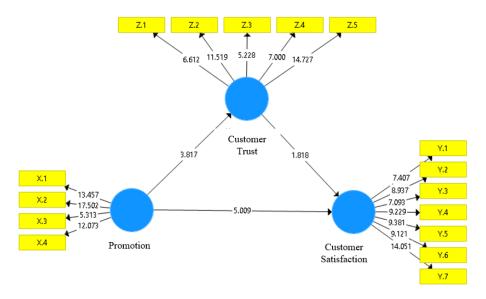
Figure 1. Result of PLS Bootstrapping.

Assessing a model with PLS starts by looking at the R-square for each latent dependent variable. The results of the r² calculation in this study are as follows:

Table 4. Coefficient Determination (R-Square).

Variable	R-Square
Customer Trust	0.241
Customer Satisfaction	0.393

Table 4 shows the value of r² of the customer trust variable (Z) of 0.241, which means that customer trust (Z) is influenced by X by 24.1% or the contribution of X by 24.1%. In comparison, the remaining 75.9% is the contribution of other variables not discussed in this study. The Goodness of Fit Model calculation can be used to determine the magnitude of the contribution given by exogenous variables to endogenous variables. GoF values in PLS analysis can be calculated using Square Predictive Relevance (Q²). Here are the results of the Goodness of Fit Model calculations in this study:

$Q^2 = 1- (1-r1^2) (1-r2^2); Q^2 = 1- (1 - 0{,}241) (1 - 0{,}393); Q^2 = 1- (0{,}759) (0{,}607); Q^2 = 0{,}539$

The Q-Square Predictive Relevance (Q²) value is 0.539 or 53.9%. It can show that the overall model of 53.9% can explain the diversity of customer satisfaction variables (Y), or it can also be interpreted that the contribution of promotion (X) and customer trust (Z) to customer satisfaction (Y) as a whole is 53.9%. In comparison, the remaining 46.1% contributes to variables not discussed in this study, such as price, perception, quality of service,   ability and security.

4.2. Hypothesis Testing

4.2.1. Direct Effect

Direct influence testing is used to explain hypothesis 1, hypothesis 2 and hypothesis 3 through path coefficients. The value of path coefficients can be seen through the t-statistics that must be above the t-table, which is 1.96, which means there is an effect of exogenous variables on endogenous variables on each hypothesis that has been determined. The t-statistical value ≥ 1,960 or the probability value ≤ the level of significance (α = 5%) concludes that the accepted hypothesis is that there is a significant influence between the variables tested. In Figure 1, path coefficients and Table 5 can be seen the results of hypothesis testing directly by bootstrapping in the following smartPLS 3.3.3 software:

Table 5. Path Coefficients (Direct Effect).

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Satatistics (|O/STDEV|)	P Values
Customer Trust → Customer Satisfaction	0.217	0.211	0.119	1.818	0.069
Promotion → Customer Trust	0.491	0.488	0.129	3.817	0.000
Promotion→ Customer Satisfaction	0.491	0.513	0.098	5.009	0.000

Table 5 displays the results of hypothesis testing. The table indicates that customer confidence does not affect customer satisfaction. The t-statistical value of the relationship between customer trust (Z) to customer satisfaction (Y) is 1,818, with a significant amount of 0.069. The test results showed that the t-statistics ≤ 1.96 and the result of significant values ≥ the level of significance (α = 5%). It shows no influence between customer trust (Z) and customer satisfaction (Y). Hypothesis 1 is rejected. Also, the promotion has a significant influence on customer confidence. The t-statistical value of the relationship between promotion (X) to customer trust (Z) is 3,817 with a significant 0.000. The test results showed that the t-statistics ≥ 1.96 and the results of significant values ≤ the level of significance (α = 5%). It indicates a significant influence between promotions (X) and customer confidence (Z). Hypothesis 2 is accepted. Promotion has a significant influence on customer satisfaction. The t-statistical value of the relationship between promotion (X) to customer satisfaction (Y) is 5,009 with a significant 0.000. The test results showed that the t-statistics ≥ 1.96 and the results of significant values ≤ the level of significance (α = 5%). It indicates a significant influence between promotions (X) and customer satisfaction (Y). Hypothesis 3 is accepted.

4.2.2. Indirect Effect

Indirect influence testing explains exogenous variables and endogenous variables related to intermediaries (mediation) through path coefficients. The value of path coefficients can be seen through the t-statistics that must be above the t-table is 1.96. It means there is an influence of exogenous variables on endogenous variables through intermediaries (mediation) on the predetermined hypothesis. The t-statistical value ≥ 1,960 or the probability value ≤ the level of significance (α = 5%) concludes that the accepted hypothesis is that there is a significant influence between the variables tested. In Figure 1 specific indirect effect and Table 5 can be seen the results of hypothesis testing directly by bootstrapping on the following SmartPLS software 3.3.3:

Table 6. Path Coefficients Indirect effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Promotion → Customer Trust → Customer satisfaction	0.107	0.103	0.068	1.575	0.115

Table 6 shows that the promotion does not affect customer satisfaction mediated customer trust. The following test results contained in table 9 can be seen that the t-statistical value of the relationship between promotion (X) to customer satisfaction (Y) mediated customer confidence is 1,575 with a significant amount of 0.115. The test results showed that the t-statistics ≤ 1.96 and the result of significant values ≥ the level of significance (α = 5%). It shows no significant influence between promotions (X) on customer satisfaction mediated by customer trust (Z). Thus, the customer's trust cannot mediate the promotion of customer satisfaction, and hypothesis 5 is rejected.

Table 7. Summary of Hypothesis Testing

	Path Coefficient	T Statistics (|O/STDEV|)	P Values	Decision	Significance
Hypothesis 1	0.217	1.818	0.069	Rejected	Insignificant
Hypothesis2	0.491	3.817	0.000	Accepted	Significant
Hypothesis 3	0.491	5.009	0.000	Accepted	Significant
Hypothesis 4	0.107	1.575	0.115	Rejected	Insignificant

Table 5 captures that Hypothesis 1 can be known that the customer trust variable (Z) does not affect the customer satisfaction variable (Y). It shows that customer trust is not the main consideration for the customer satisfaction of PT. Allianz Life Indonesia Insurance in Tebing Tinggi city. Hypothesis 2 shows that the promotion variable (X) significantly influences the customer trust variable (Z). It shows that by offering benefits such as cash back, the rewards contained in promotional activities can encourage customers to buy insurance products/services. In other words, promotion is the main consideration of customer trust. Hypothesis 3 shows that the promotion variable (X) significantly influences the customer satisfaction variable (Y). It shows that offering benefits such as incentives contained in promotional activities and encouraging customers to buy products/services offered by PT. Allianz Life Indonesia Insurance in The City of Tebing Tinggi. The promotion also has another purpose so that customers are willing to make buyback or repeat transactions. In other words, promotion is the main consideration of customer satisfaction. Hypothesis 4 can be known that the customer trust variable (Z) is unable to mediate the promotion variable (X) to the customer satisfaction variable (Y). It shows that customer trust is not a factor that bridges or mediates between promotions to customer satisfaction. It means that if there is customer satisfaction, the company only conducts a good promotional strategy through customer trust because the study results show that customer trust is not a bridging or mediating factor.

5. Conclusion

On the basis of analysis of data using Partial Least Square (PLS) with SmartPLS software version 3.3.3 and research that has been conducted, this study concludes that there is no influence between customer confidence and customer satisfaction. It shows that customer trust is not the main consideration for the customer satisfaction of PT. Allianz Life Indonesia Insurance in Tebing Tinggi city. Also, there is a significant influence between promotions on customer confidence. It shows that by offering benefits such as cashback, the rewards contained in promotional activities can encourage customers to buy insurance products/services. In other words, promotion is the main consideration of customer trust. In addition, this study found a significant influence between promotions on customer satisfaction. It shows that offering benefits such as incentives contained in promotional activities and encouraging customers to buy products/services offered by PT. Allianz Life Indonesia Insurance in Tebing Tinggi city. In other words, promotion is the main consideration of customer satisfaction. Besides that, customer trust cannot mediate between promotions and customer satisfaction. It shows that customer trust is not a factor that bridges or mediates between promotions to customer satisfaction. It means that if there is customer satisfaction, the company only conducts a good promotional strategy through customer trust because the study results show that customer trust is not a bridging or mediating factor.

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