The Influence of Critical Success Factors of Innovative Insurance Product Development Concept Test towards Purchase Intention: An Empirical Study of Millennials and Generation Z as Target Market in Indonesia

Dhea Erwina Laurents[1], Dina Dellyana[2]

[1,2] School of Business Management, Bandung Institute of Technology, Indonesia

ABSTRACT: The insurance industry faces numerous challenges, including intensifying competition, shifting customer expectations, and disruptive technological advancements. To navigate these challenges successfully, insurance companies must embrace innovation in product development. This approach enables them to meet the evolving needs of customers, adapt to market changes, and deliver greater value to their clientele. In Indonesia specifically, insurance companies face the considerable challenge of low insurance penetration, which has remained stagnant over the past five years from 2017 to 2021 (AAJI, 2022). Furthermore, insurance literacy and inclusion levels are alarmingly low, standing at only 19.40% and 13.15%, respectively, significantly below the Indonesian averages of 38.03% and 76.19% (OJK, 2019). Considering these challenges, PT Delta Echo Lima Insurance (placebo name and hereinafter named "DELI") aims to address these issues by developing innovative, customer-centric insurance products and aspires to launch a ground-breaking insurance concept in Indonesia targeting Millennials and Generation Z. This research focuses on analyzing the characteristics of the target market and examining the correlation between critical success factors as key dimensions of the concept test for innovative insurance products and their influence on perceived innovation, perceived value, perceived price, and purchase intention. Additionally, an overall relationship model is established to provide a comprehensive understanding of the interconnections between these variables. To gather data, a quantitative approach was employed, utilizing questionnaires as the primary research instrument. The aim was to collect responses from two distinct groups of participants: Millennials and Generation Z. The collected data was then processed using the SmartPLS 3.0 software application, enabling the application of Partial Least Square Structural Equation Modelling (PLS SEM) analysis to derive insights and draw conclusions. This research provides valuable insights into the influence of critical success factors of innovative insurance product development concept tests on various aspects, including perceived innovation, perceived value, perceived price, and purchase intention among Millennials and Generation Z. The findings shed light on the unique characteristics of these target markets and highlight the significance of perceived value in driving customers' purchase intentions. By understanding these dynamics, insurance companies like PT DELI can better tailor their product development strategies to effectively cater to the needs and preferences of Millennials and Generation Z while addressing the challenges and opportunities within the Indonesian insurance industry.

KEYWORDS: critical success factors, concept test, Generation Z, insurance industry, Millennials, perceived innovation, perceived value, perceived price, purchase intention, product development.

INTRODUCTION

Insurance companies throughout the world are constantly looking for new area to sell their products, although insurance is a legacy business and facing several challenges in today's market which required the ability of an insurance company to be able to adapt and innovate due to increasing in competition, changing customer expectations and technological disruption of the raise of insurtech companies. In the midst of challenges facing the insurance industry as per abovementioned, the needs of being innovative towards product development is crucial to meet the evolving needs of customers, adapt to changes in the market and offering greater value to customers. Align with the challenges for insurance company in today's market, enlighten DELI to develop innovative insurance and customer-centric insurance products, with the aims to launch innovative insurance concept in Indonesia to target Millennials and Generation Z. Based on research conducted by the IDN Research Institute and Populix in 2022 [1], it was found that a significant portion of Millennials spend a considerable amount of their monthly income, with 2 in 5 Millennials spending at least Rp 4,000,000 per month. Their spending primarily revolves around routine household expenses, food, and providing financial support to their parents or in-laws. Additionally, they face a burden of debt, with debt-to-expenditure ratios ranging from 4% to 29%. Frivolous

spending, including entertainment and snacks, accounts for a significant portion of their monthly expenses, ranging from 16% to 31%. This financial situation places Millennials in what is known as the "Sandwich Generation," where they bear the responsibility of supporting both their immediate and extended families. On the other hand, 2 in 3 Generation Z individuals spend less than Rp 4,000,000 per month, and almost half of them (49%) live on a monthly income between Rp 1,250,001 and Rp 4,000,000. This income range aligns with starting salaries or minimum regional wages in various parts of Indonesia. Generation Z's spending focuses mainly on food and snacks, which constitute a significant portion of their monthly expenses. Frivolous spending, including food, snacks, and entertainment, accounts for 18.69% to 70.59% of their total spending. This behavior reflects the stereotype of Generation Z's inclination towards "self-healing" through materialistic or hedonistic activities. Based on these findings, DELI has developed an innovative insurance product that caters to the financial habits of Millennials and Generation Z. By leveraging advanced technology, this product aims to meet the heightened consumer expectations of these demographics. The goal is to encourage Millennials and Generation Z to develop healthy financial habits by allocating a portion of their budget towards affordable financial products and services that align with their needs and spending patterns. Develop and launch new products is a great strategy to stay one step ahead of the competition. Concept testing is a crucial part of the process of developing new products and should be the first thing that a DELI does after determining how the product will be received on the market and whether it has a good chance of being successful.

LITERATURE REVIEW

According to Cooper a new product is something that provides new benefits, features, or functionalities clearly visible for the customer [2]. Meanwhile, the associated risk of developing a new product is high if the product might not satisfy customer's needs, has nothing as distinctive or valuable as compared to its competition, improperly executes the marketing plan, and has limited market research. Based on Booz, Allen and Hamilton [3] a new product development introduced on the market evolves over a sequence of stages, beginning with an internal product concept of idea that is evaluated, developed, tested, and launched on the market which need to be adapted of new product development process to each firm in order to meet specific company resources and needs. Many companies have pointed out that the NPD stage might need the most development is the pre-launch market analysis, which is when concept testing occur [4]. Kotler [5] distinguish between idea and concept; an idea consists in a generic understanding that a company can offer to the market while a concept is an elaborated version of the idea which is expressed in terms of specific benefits and features considered relevant for the customer and different from the competitors. Dahan and Mendelson elaborated that concept testing is the thought of as a search for the best design, pricing, positioning, and manufacturing of a new product [6]. Page and Rosenbaum have identified a more specific definition of concept testing: "...a variety of marketing research-based approaches employed to assess the marketability of a product or a service idea prior to its actual development. Its purpose is to provide early feedback from the market about the perceived attractiveness of a proposed new product before its development has even begun" [7]. Bhuiyan elaborated that critical success factors are necessary and guaranteed commercial success to reflect imperatively on how one can benefit from each and how one can translate each into an operation aspect of the NPD process [8]. Based on Dolan the results interpretation of purchase intention should carried score greater than 80% favourable answer should proceed to development [9]. Hence, will identify the concept test of DELI' innovative product with key dimensions based on Dolan and IPSOS InnoQuest [10] as follows: likeability, appeal, uniqueness, believability, relevance, product demand and affordability. Moreover, as the mediator variable, this research employs perceived innovation, perceived value, and perceived price. An "innovation" indicates any new product, service, or creative element considered to be novel, including technological improvements, new changes to product and production, and new marketing methods [11]. Innovation also represents updates to design that distinguish an organization from its competitors [12]. In the exploration of competitive strategies cantered around innovation, Weerawardena put forth the notion that innovation entails a progressive enhancement in various aspects such as products, production methods, services, organizational systems, and marketing systems [13]. Kwaku discovered that product innovation is characterized by customers' usage experience and the alignment of the product with their consumption patterns, it was observed that the greater the novelty of a product, the lower the level of customer accommodation required for its adoption [14]. Zeithaml defined customer perceived value as "the customer's overall assessment of the utility of a product or a service based on perceptions of what is received and what is given" [15]. Sheth, Newman, and Gross postulated that there are five different categories of perceived value: functional value, social value, emotional value, epistemic value, and conditional value. These sorts of values further impact the choices that customers make [16]. In addition, Sweeney and Soutar separated the components of perceived value into four categories: emotional, social, quality/performance, and price/monetary [17]. In the context

of perceived price, it is defined as the subjective perception of customers towards the objective price of products according to Jacoby and Olson, 1977, as cited in Dodds et al. [18]. Furthermore, price has the potential to shape the image and differentiation of products based on Nagle and Holden [19]. Lastly, purchase intention as the independent variables. According to Dubas et al., purchase intention provides a direct estimate of the customer's belief when choosing a new product, it is a predictor of the purchase behaviors [20]. Age, income, education, marital status, family size, and occupation were among the most important drivers of life insurance demand, according to Zietz thorough and in-depth study of the empirical literature spanning five decades [21]. Based on the theoretical basis discussed earlier, the conceptual framework used in this research is as **Figure 1**.:
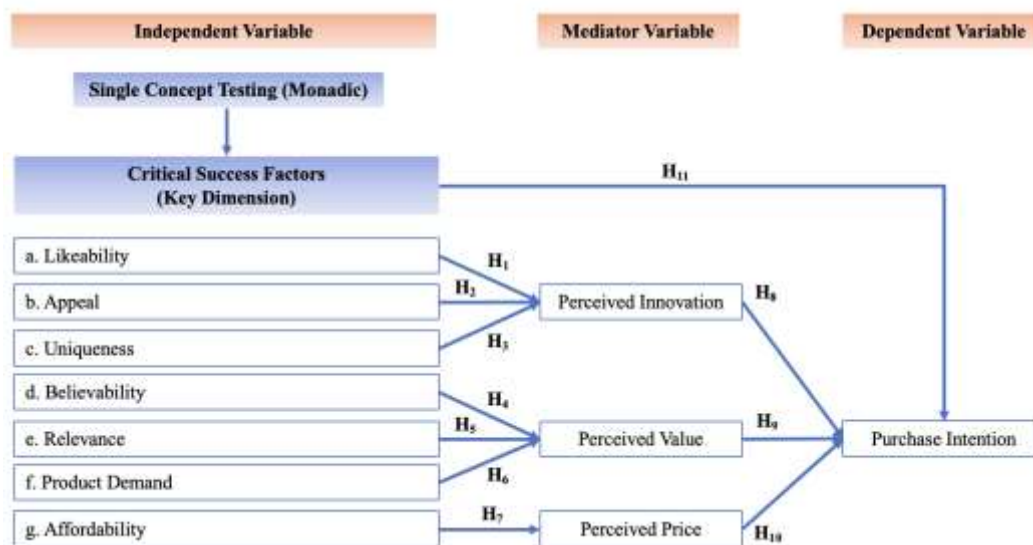

Figure 1. Conceptual Framework

METHODOLOGY

In this research will use quantitative data collection method with a close questionnaire as the primary instrument. Researcher would like to perform non-probability sampling methods which the participants are selected based on certain criteria that may or may not be representative of the population as a whole to involve randomly selecting participants from a population, which helps to reduce sampling bias and increase the generalizability of the research results. Furthermore, Researcher conduct online questionnaire and determine 300 respondents as typical range for sample sizes, which are split into two groups by 150 respondents in Millennials group and 150 respondents in Generation Z group to receive equal sampling. The questionnaire Consist of statements of respondents using 5-point Likert scale and questionnaires are divided into 3 (three) variables, which are: (i) 7 (seven) key dimension of critical success factors on product concept testing as independent variable; (ii) perceived innovation, perceived value, and perceived price as mediator variable; and (iii) purchase intention as dependent variable. The answers from the respondents were then analyzed using SmartPLS 3.0 statistical data processing software to answer the following hypotheses:

H_1: Likeability as key dimension of critical success factors has positive influence on customers' perceived innovation.

H_2: Appeal as key dimension of critical success factors has positive influence on customers' perceived innovation.

H_3: Uniqueness as key dimension of critical success factors has positive influence on customers' perceived innovation.

H_4: Believability as key dimension of critical success factors has positive influence on customers' perceived value.

H_5: Relevance as key dimension of critical success factors has positive influence on customers' perceived value.

H_6: Product demand as key dimension of critical success factors has positive influence on customers' perceived value.

H_7: Affordability as key dimension of critical success factors has positive influence on customers' perceived price.

H_8: Consumer's perceived innovation towards critical success factor has positive influence on customer's purchase intention.

H_9: Consumer's perceived value towards critical success factor has positive influence on customer's purchase intention.

H_{10}: Consumer's perceived price towards critical success factor has positive influence on customer's purchase intention.

H_{11}: Critical success factor has positive influence on customer's purchase intention.

RESULT AND DISCUSSION

The discussion of descriptive statistics analysis divided into 2 (two) sections: (i) to illustrate the characteristics of the respondents who completed the questionnaire, taking into account various characteristics generation type, gender, socioeconomic status, employment status, education level, and family status. By examining these attributes, a detailed profile of the respondents can be established; and (ii) this research seeks to analyze and evaluate the hypotheses proposed by the Researcher. To achieve this, the Partial Least Square Structural Equation Modelling (PLS SEM) methodology will be employed. This approach allows for the assessment of both the measurement model, which examines the validity and reliability of the variables, and the intricate structural model, which explores the relationships between the variables. Notably, this research consists of a total of 11 hypotheses, each of which will be systematically tested and evaluated within the PLS SEM framework.

i. *Descriptive Statistics Analysis of Respondent Characteristics*
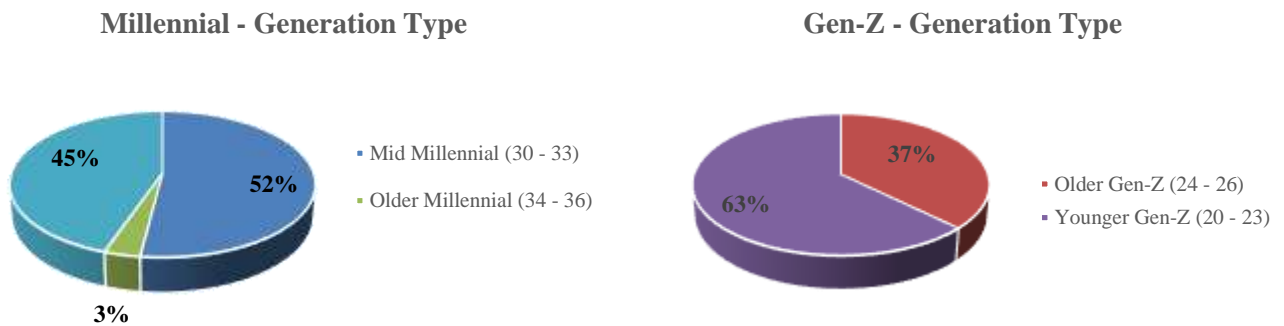
1. Generation Type

Figure 2. Respondent's Generation Type

From **Figure 2**. among the 150 respondents from the Millennials generation, 52% fall into the Mid Millennials category (aged 30-33), 45% belong to the Younger Millennials category (aged 27-30), and a mere 3% are classified as Older Millennials (aged 34-36). Similarly, Figure IV.2 illustrates that out of the 150 respondents from the Generation Z generation, the majority, comprising 63%, fall within the Younger Generation Z category (aged 20-23), while the Older Generation Z category (aged 24-26) accounts for 37% of the sample. These findings suggest that the potential target market for the product concept test ranges from 20 to 33 years old.
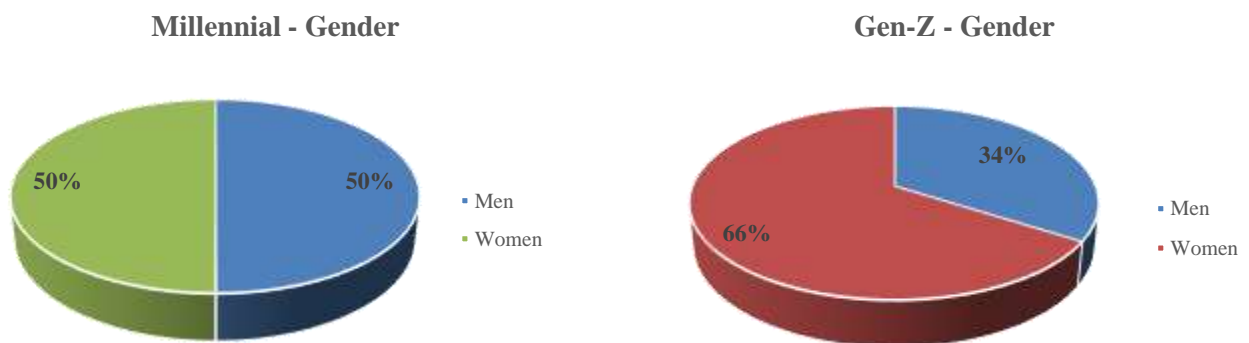
2. Gender

Figure 3. Respondent's Gender

According to **Figure 3**. the findings reveal an equal gender distribution among Millennials respondents, with males and females each constituting 50% of the sample. In contrast, among Generation Z respondents, the gender distribution is significantly skewed, with females accounting for 66% and males representing 34% of the sample. As a result, the data suggest that females form the primary target market for the product concept being tested.
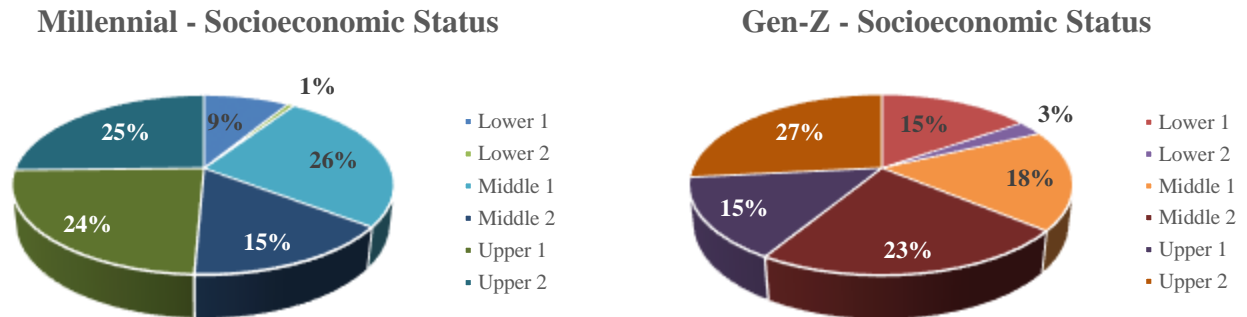
3. Socioeconomic Status

Figure 4. Respondent's Socioeconomic Status

Based on **Figure 4**. reveal important insights about the socioeconomic status of the Millennials generation respondents. Among this group, approximately 49% can be classified as belonging to the Upper socioeconomic segment. Further examination shows that within this segment, 24% fall into the Upper 1 category, indicating a higher level of affluence, while 25% are categorized as Upper 2. Moreover, the Middle segment comprises 41% of the respondents, with 26% falling into the Middle 1 category and 15% categorized as Middle 2. The Lower segment represents only 10% of the respondents. Similarly, the distribution of socioeconomic segments among the Generation Z respondents. Notably, an equal percentage of 41% is observed for both the Middle and Upper segments, indicating a balanced distribution of respondents across these categories. Furthermore, the Lower segment contributes to 18% of the respondents in this generation. According to National Socio-Economic Survey (2019) [22], below is the classification of socioeconomic status:

SES Classification	Routine Expenditure	Routine Expenditure per Capita	Household Income	Personal Income
Upper 1	IDR6.500.000	IDR2.230.000	IDR10.870.000	IDR7.750.000
Upper 2	IDR4.600.000	IDR1.530.000	IDR6.750.000	IDR4.690.000
Middle 1	IDR3.400.000	IDR970.000	IDR5.800.000	IDR2.950.000
Middle 2	IDR2.700.000	IDR770.000	IDR4.500.000	IDR2.410.000
Lower 1	IDR1.800.000	IDR450.000	IDR3.250.000	IDR1.410.000
Lower 2	IDR1.300.000	IDR290.000	IDR2.780.000	IDR1.300.000

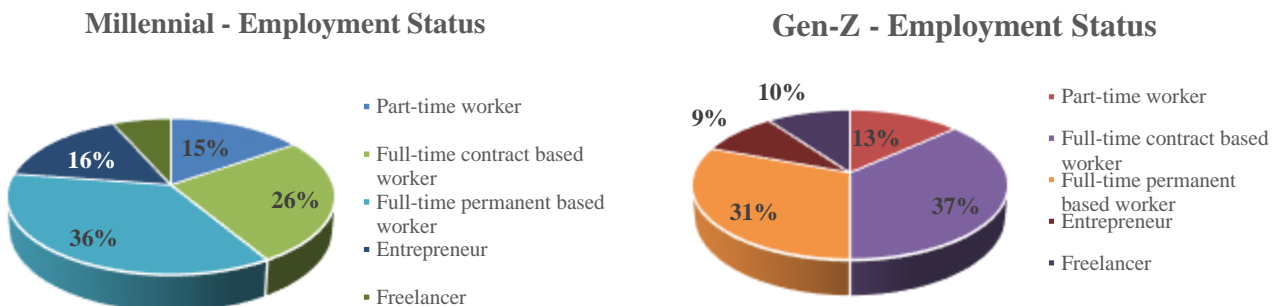**Figure 5**. 2009 National Socio-Economic Survey

4. Employment Status

Figure 6. Respondent's Employment Status

As shown on **Figure 6**. indicate that a significant majority of respondents from both the Millennials and Generation Z groups are engaged in full-time employment, including both permanent and contract positions. This finding suggests that individuals with stable and consistent sources of income make up a considerable portion of the potential target market. Furthermore, it is important to note that part-time workers also hold relevance as a secondary target market. While they may not have the same level of income stability as full-time employees, their insurance needs and preferences should still be considered. By acknowledging the unique circumstances and requirements of part-time workers, DELI can develop tailored insurance offerings that cater to their specific needs.
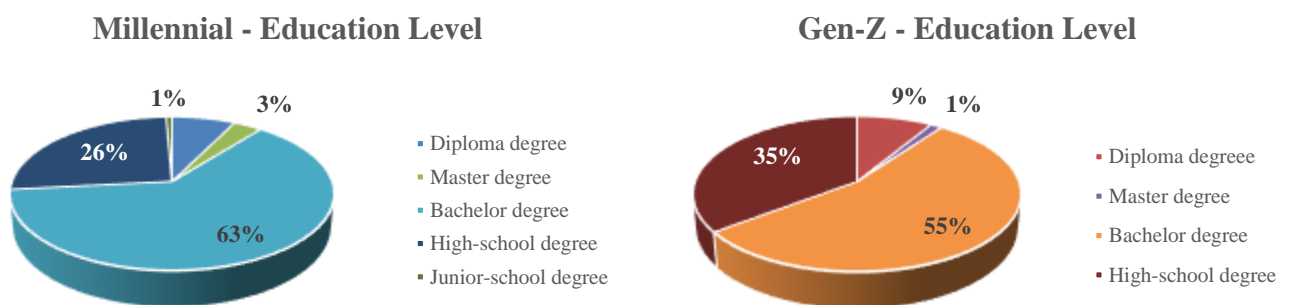
5. Education Level

Figure 7. Respondent's Education Level

Figure 7. illustrates the educational background of the Millennials respondents, indicating that 63% of them hold a bachelor's degree, while 26% have a high school degree. Similarly, presents the educational distribution of Generation Z respondents, with 55% holding a bachelor's degree and 35% having a high school degree. It is worth noting that the level of education can influence financial literacy, suggesting that the high school degree holders' respondents might be an important target market in the future.
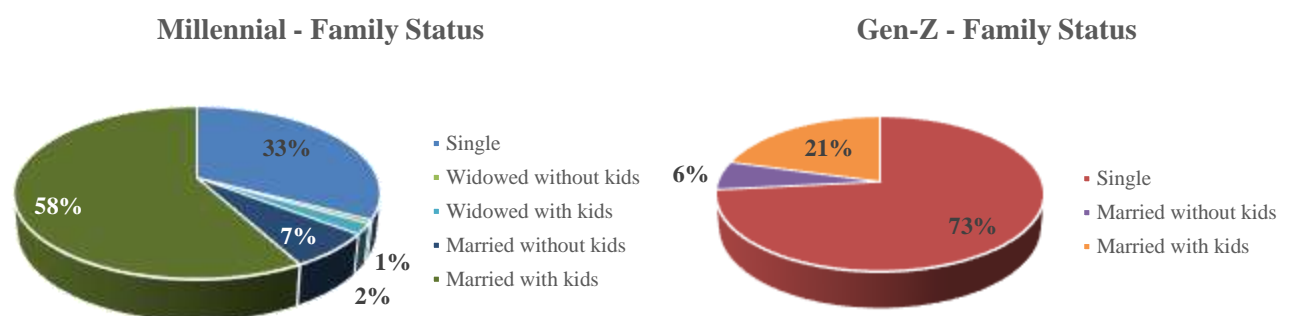
6. Family Status

Figure 8. Respondent's Family Status

The data presented in **Figure 8**. indicate that a large proportion of the respondents in both the Millennials and Generation Z groups are single, with 58% of Millennials and 73% of Generation Z respondents falling into this category. This information provides valuable insights in the development of new insurance products, particularly focusing on individual and spouse plans, as these would be highly relevant and appealing to the target market. By recognizing the high percentage of single individuals among these generations, DELI can tailor their offerings to meet the specific needs and preferences of this demographic. This approach enhances customer satisfaction and ensures that insurance solutions are aligned with customers' unique life situations.

ii. Partial Least Square Structural Equation Modeling (PLS SEM) Testing

1. Item Reliability

Table 1. Item Reliability

Variable	Cronbach's Alpha		Rule of Thumb	Results
	Millennials	**Generation Z**		
Affordability	**1.000**	**1.000**	> 0.700	**Valid**
Appeal	**1.000**	**1.000**	> 0.700	**Valid**
Believability	**1.000**	**1.000**	> 0.700	**Valid**
Likeability	**1.000**	**1.000**	> 0.700	**Valid**
Product Demand	**1.000**	**1.000**	> 0.700	**Valid**
Relevance	**1.000**	**1.000**	> 0.700	**Valid**
Uniqueness	**1.000**	**1.000**	> 0.700	**Valid**
Critical Success Factor	**0.901**	**0.909**	> 0.700	**Valid**
Perceived Innovation	**0.904**	**0.904**	> 0.700	**Valid**
Perceived Price	**0.824**	**0.891**	> 0.700	**Valid**
Perceived Value	**0.913**	**0.920**	> 0.700	**Valid**
Purchase Intention	**0.912**	**0.906**	> 0.700	**Valid**

I

n order to establish strong internal consistency for each construct, it is necessary to meet the minimum threshold of 0.700 for Cronbach's Alpha. By examining the data provided in **Table 1**. it becomes apparent that all the variables under measurement have exhibited reliability, indicating that they can be confidently utilized for subsequent data analysis. This confirms the robustness and consistency of the measurement model, providing a solid foundation for further investigation and interpretation of the study results.

2. Discriminant Validity

Table 2. Discriminant Validity

Variables	*Average Variance Extracted* (AVE)	R^2	*Average Variance Extracted* (AVE)	R^2
	Millennials		**Generation Z**	
Affordability	1.000		1.000	
Appeal	1.000		1.000	
Believability	1.000		1.000	
Likeability	1.000		1.000	
Product demand	1.000		1.000	
Relevance	1.000	0.591	1.000	0.764
Uniqueness	1.000	0.331	1.000	0.523
Critical Success Factor	0.634	0.657	0.650	0.686
Perceived Innovation	0.677	0.796	0.676	0.753
Perceived Price	0.740		0.821	
Perceived Value	0.742		0.758	
Purchase Intention	0.792		0.781	
Average	**0.882**	**0,593**	**0.891**	**0,681**

$$GOF\ Millennials = \sqrt{AVE\ x\ R^2} = \sqrt{0.882\ x\ 0.575} = 0.7121$$

$$GOF\ Generation\ Z = \sqrt{AVE\ x\ R^2} = \sqrt{0.891\ x\ 0.681} = 0.7789$$

The calculation results between Millennials and Generation Z group of respondents as shown on **Table 2**. indicates that the value generated by this research model are 0.7213 for Millennials and 0.7875 for Generation Z, which suggests that overall, the performance of the predictive model examined in terms of the fit between the inner model and outer model are highly appropriate due to yields a value above 0.36, indicating a large level of fit. This finding enhances the credibility and reliability of the model's predictions and supports the validity of its use in understanding and analyzing the target demographic.

3. R-square (R^2) Value

Table 3. R^2 Value

Variables	R^2	
	Millennials	**Generation Z**
Perceived Innovation	0.591	0.764
Perceived Price	0.331	0.523
Perceived Value	0.657	0.686
Purchase Intention	0.796	0.753

Based on the results of the coefficient of determination (R^2) on **Table 3**. obtained from the research constructs for each Millennials and Generation Z group of respondents, the following can be observed:

a. The contribution of the variables Likeability, Appeal and Uniqueness to the Perceived Innovation variable are 0.591 or 59.1% for Millennials and 0.764 or 76.4% for Generation Z. The remaining 40.9% (100-59.1) for Millennials and 23.6% (100-76.4) for Generation Z are influenced by variables outside the scope of the research. The result showed that the gap contribution made by Generation Z is more than that made by Millennials in terms of Perceived Innovation.

b. The contribution of the variables Believability, Relevance and Product Demand, to the Perceived Value variable are 0.657 or 65.7% for Millennials and 0.686 or 68.6% for Generation Z. The remaining 34.3% (100-65.7) for Millennials and 31.4% (100-68.6) are influenced by variables outside the scope of the research. According to the results, Millennials score is slightly lower than Generation Z in terms of Perceived Value.

c. The contribution of the variable Affordability to the Perceived Price variable are 0.331 or 33.1% for Millennials while 0.523 or 52.3% for Generation Z. The remaining 66.9% (100-33.1) for Millennials and 47.7% (100-52.3) for Generation Z are influenced by variables outside the scope of the research. Moreover, Generation Z have greater value of Affordability towards Perceived Price compared to Millennials.

d. The contribution of the variables Perceived Innovation, Perceived Value and Perceived Price to the Purchase Intention variable are 0,796 or 79.6% for Millennials whereby 0,753 or 75,3% for Generation Z. The remaining 20.4% (100-79.6) for Millennials and 24,7% (100-75,3) for Generation Z are influenced by variables outside the scope of the research. Hence, both Millennials and Generation Z slightly have the same contribution of overall variables to dependent variable.

4. Predictive Relevance (Q^2) Value

Table 4. Q^2 Value

Variables	Q^2	
	Millennials	**Generation Z**
Perceived Innovation	0.384	0.507
Perceived Price	0.236	0.422
Perceived Value	0.479	0.512
Purchase Intention	0.612	0.569

International Journal of Current Science Research and Review

ISSN: 2581-8341

Volume 06 Issue 06 June 2023

DOI: 10.47191/ijcsrr/V6-i6-46, Impact Factor: 6.789

IJCSRR @ 2023

www.ijcsrr.org

Based on the results as shown on **Table 4**. it can be concluded that the research constructs for both the Millennials and Generation Z groups exhibit predictive relevance. This is evident from the Q2 values, where each variable demonstrates a value greater than 0, indicating a significant level of predictive relevance. It is noteworthy that the Q2 value for the Generation Z respondents is higher compared to the Millennials group.

5. Fit Measures

Table 5. Fit Measures

	Saturated Model	Estimated Model	Saturated Model	Estimated Model
	Millennials		Generation Z	
SRMR	0.051	0.192	0.046	0.171
d_ULS	0.856	11.948	0.693	9.5
d_G	0.604	1.085	0.635	1.155
Chi^2	500.123	739.347	518.838	761.04
NFI	0.854	0.785	0.859	0.793

The adequacy of the model can be assessed by examining the Fit Measures, specifically the SRMR (Standardized Root Mean Residual) value. In the Partial Least Squares (PLS) model, a value below 0.10 is considered to meet the criteria for a good fit. According to the data presented in Table 5. the SRMR values for the Millennials and Generation Z groups are 0.051 and 0.046, respectively, both below the threshold of 0.10. This indicates that the model demonstrates a suitable fit, making it appropriate for hypothesis testing. Another important Fit Measure is the NFI (Normed Fit Index), which ranges from 0 to 1. This index compares the hypothesized model with an independent model, and a value closer to 1 indicates a higher level of fit, the NFI values for the Millennials and Generation Z groups are 0.854 and 0.859, respectively. These values indicate a good fit for the model, suggesting that the hypothesized model aligns well with the data and provides a reliable representation of the relationships between variables. These findings imply that the model used in the study demonstrates satisfactory fit and suitability for hypothesis testing for both the Millennials and Generation Z groups. The SRMR and NFI values further validate the robustness and accuracy of the model, providing confidence in its ability to examine and analyze the research hypotheses effectively.

6. Bootstrapping

Table 6. Millennials' Bootstrapping Calculation Result of Direct Effect Hypotheses Test

Code	Hypotheses	Original Sample	T statistics	P values	Results
H1	Likeability -> Perceived Innovation	0.200	2.487	0.013	Accepted
H2	Appeal -> Perceived Innovation	0.315	4.035	0.000	Accepted
H3	Uniqueness -> Perceived Innovation	0.378	5.460	0.000	Accepted
H4	Believability -> Perceived Value	0.099	1.308	0.191	Rejected
H5	Relevance -> Perceived Value	0.419	4.857	0.000	Accepted
H6	Product Demand -> Perceived Value	0.352	4.021	0.000	Accepted
H7	Affordability -> Perceived Price	0.575	9.516	0.000	Accepted
H8	Perceived Innovation -> Purchase Intention	-0.075	0.616	0.538	Rejected
H9	Perceived Value -> Purchase Intention	0.391	4.104	0.000	Accepted
H10	Perceived Price -> Purchase Intention	0.105	1.169	0.243	Rejected
H11	Critical Success Factors -> Purchase Intention	0.613	4.774	0.000	Accepted

Table 7. Generation Z' Bootstrapping Calculation Result of Direct Effect Hypotheses Test

Code	Hypotheses	Original Sample	T statistics	P values	Results
H1	Likeability -> Perceived Innovation	0.272	4.501	0.000	Accepted
H2	Appeal -> Perceived Innovation	0.346	5.130	0.000	Accepted
H3	Uniqueness -> Perceived Innovation	0.384	5.561	0.000	Accepted
H4	Believability -> Perceived Value	0.254	3.158	0.002	Accepted
H5	Relevance -> Perceived Value	0.391	5.617	0.000	Accepted
H6	Product Demand -> Perceived Value	0.303	3.396	0.001	Accepted
H7	Affordability -> Perceived Price	0.723	16.426	0.000	Accepted
H8	Perceived Innovation -> Purchase Intention	0.162	1.121	0.263	Rejected
H9	Perceived Value -> Purchase Intention	0.111	0.971	0.332	Rejected
H10	Perceived Price -> Purchase Intention	0.477	3.746	0.000	Accepted
H11	Critical Success Factors -> Purchase Intention	0.224	1.774	0.077	Rejected

Table 8. Millennials' Bootstrapping Calculation Result of Indirect Effect Hypotheses Test

Hypotheses	Original Sample	T statistics	P values	Results
Likeability -> Perceived Innovation -> Purchase Intention	-0.015	0.583	0.560	Rejected
Appeal -> Perceived Innovation -> Purchase Intention	-0.024	0.586	0.558	Rejected
Uniqueness -> Perceived Innovation -> Purchase Intention	-0.028	0.603	0.547	Rejected
Believability -> Perceived Value -> Purchase Intention	0.039	1.295	0.196	Rejected
Relevance -> Perceived Value -> Purchase Intention	0.164	3.209	0.001	Accepted
Product demand -> Perceived Value -> Purchase Intention	0.138	2.684	0.008	Accepted
Affordability -> Perceived Price -> Purchase Intention	0.061	1.192	0.234	Rejected
Likeability -> Perceived Innovation -> Purchase Intention	-0.015	0.583	0.560	Rejected
Appeal -> Perceived Innovation -> Purchase Intention	-0.024	0.586	0.558	Rejected
Uniqueness -> Perceived Innovation -> Purchase Intention	-0.028	0.603	0.547	Rejected
Believability -> Perceived Value -> Purchase Intention	0.039	1.295	0.196	Rejected

Table 9. Generation Z' Bootstrapping Calculation Result of Indirect Effect Hypotheses Test

| Hypotheses	Original Sample	T statistics	P values	Results
Likeability -> Perceived Innovation -> Purchase Intention	0.044	1.078	0.282	Rejected
Appeal -> Perceived Innovation -> Purchase Intention	0.056	1.085	0.279	Rejected
Uniqueness -> Perceived Innovation -> Purchase Intention	0.062	1.049	0.295	Rejected
Believability -> Perceived Value -> Purchase Intention	0.121	2.753	0.006	Accepted
Relevance -> Perceived Value -> Purchase Intention	0.187	3.191	0.002	Accepted
Product demand -> Perceived Value -> Purchase Intention	0.145	2.207	0.028	Accepted
Affordability -> Perceived Price -> Purchase Intention	0.080	0.959	0.338	Rejected
Likeability -> Perceived Innovation -> Purchase Intention	0.044	1.078	0.282	Rejected
Appeal -> Perceived Innovation -> Purchase Intention	0.056	1.085	0.279	Rejected
Uniqueness -> Perceived Innovation -> Purchase Intention	0.062	1.049	0.295	Rejected
Believability -> Perceived Value -> Purchase Intention	0.121	2.753	0.006	Accepted
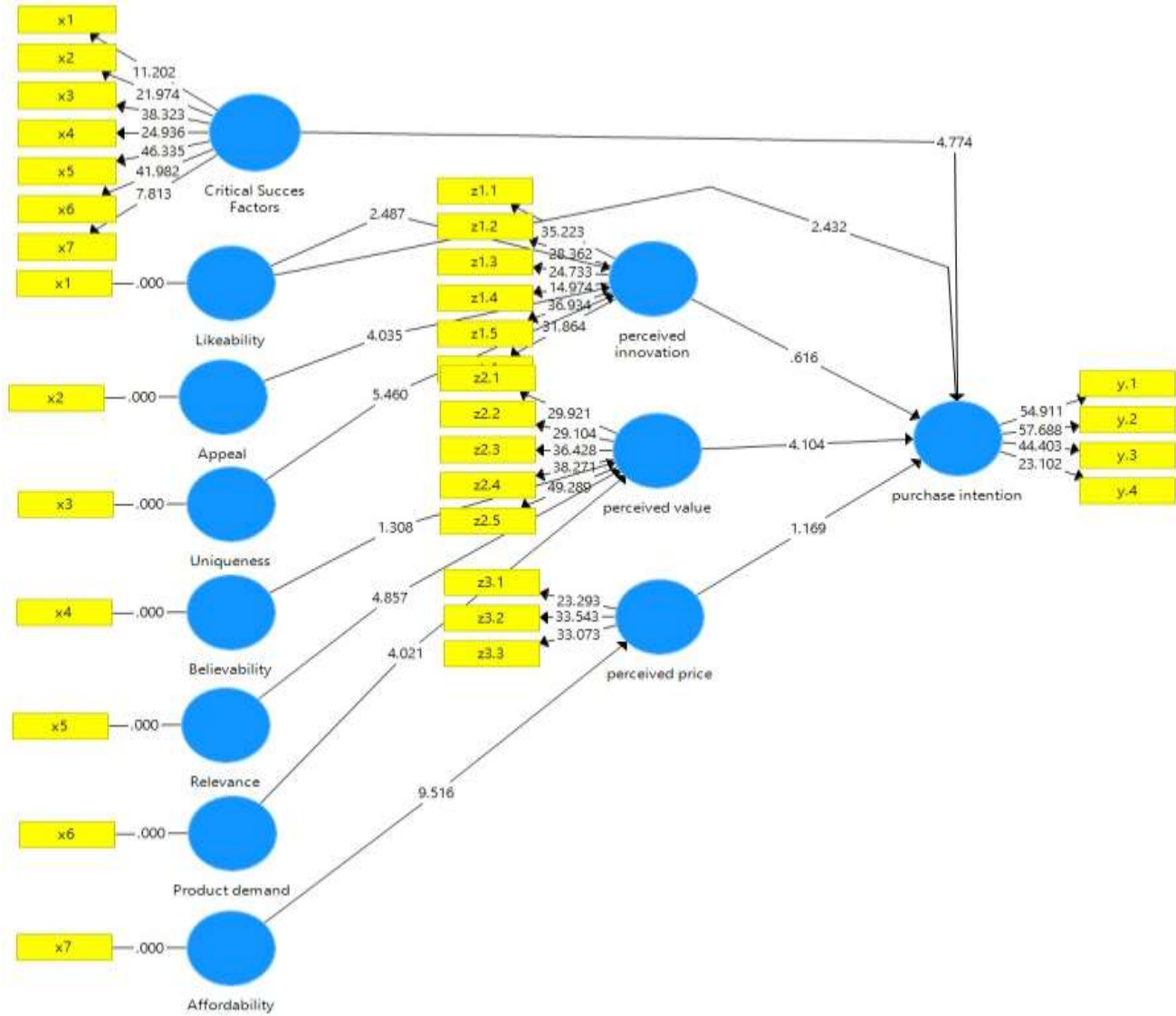
Figure 9. Bootstrapping Algorithm Result of Millennials
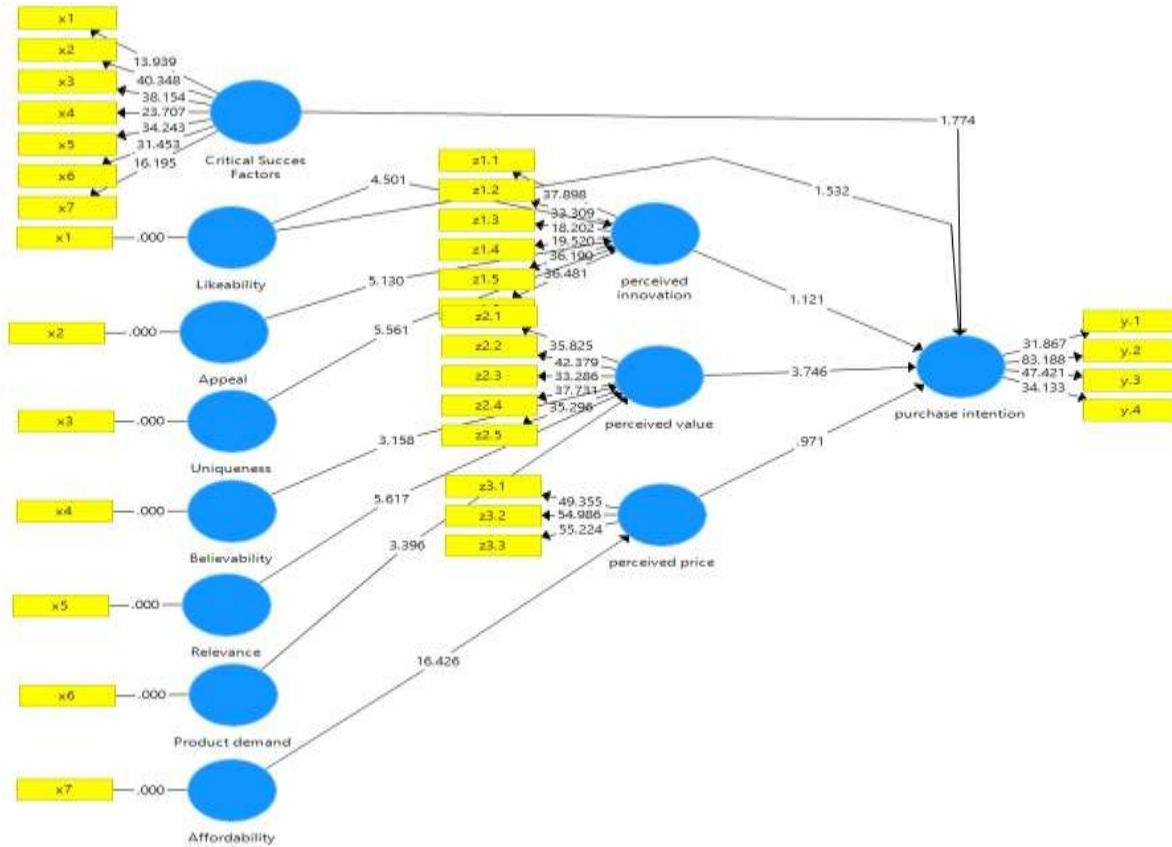
Figure 10. Bootstrapping Algorithm Result of Generation Z

Using the PLS-SEM technique, this research validate the context of DELI on developing an insurance product based on their target market, which are Millennials and Generation Z. Throughout the research, notable findings were obtained, with some hypotheses yielding statistically significant results. However, upon comparative analysis between the Millennials and Generation Z group of respondents, several hypotheses were deemed inconclusive and rejected. The specific hypotheses and their outcomes are as follows:

H_1: Likeability as key dimension of critical success factors has positive influence on customers' perceived innovation for Millennials and Generation Z.

H_2: Appeal as key dimension of critical success factors has positive influence on customers' perceived innovation for Millennials and Generation Z.

H_3: Uniqueness as key dimension of critical success factors has positive influence on customers' perceived innovation for Millennials and Generation Z.

H_4: Believability as key dimension of critical success factors has negative influence for Millennials, however, has positive influence for Generation Z on customers' perceived value.

H_5: Relevance as key dimension of critical success factors has positive influence on customers' perceived value for Millennials and Generation Z.

H_6: Product demand as key dimension of critical success factors has positive influence on customers' perceived value for Millennials and Generation Z.

H_7: Affordability as key dimension of critical success factors has positive influence on customers' perceived price for Millennials and Generation Z.

H_8: Consumer's perceived innovation towards critical success factor has negative influence on customer's purchase intention for Millennials and Generation Z.

H₉: Consumer's perceived value towards critical success factor has positive influence for Millennials, however, has negative influence for Generation Z on customer's purchase intention.

H₁₀: Consumer's perceived price towards critical success factor has negative influence for Millennials, however, has positive influence for Generation Z on customer's purchase intention.

H₁₁: Critical success factor has positive influence for Millennials, however, has negative influence for Generation Z on customer's purchase intention.

Moreover, the research reveals that the indirect effects of perceived innovation and perceived price do not moderate the gap between purchase intention. On the other hand, perceived value exerts a positive influence on the relevance and product demand key dimensions of critical success factors, thereby impacting customers' purchase intention positively.

BUSINESS SOLUTION

Conducting concept testing with potential customers before the product launch can help identify aspects of the proposition that require refinement in order to meet customers' needs, ultimately leading to a successful product launch. The Researcher has perform tests that provide insights into the necessary adjustments and ensure the product aligns with the market, particularly targeting Millennials and Generation Z. Micro insurance concept has potential to launch. The concept receives high score in most of the key measure for Millennials and Generation Z group of respondents. Therefore based on the research, Researcher prepared gap analysis of Millennials and Generation Z as shown in Figure 8. to help DELI determine their target market.

Figure 8. Millennials and Generation Z Gap Analysis

Researcher proposed an agile campaign lifecycle and execution framework which can be followed to define marketing strategy and action plan, department dependencies and sprint timeline that DELI could implement to target Millennials and Generation Z as their customers prior to launching date.

1. Identify marketing proposition and campaign goals, by identifiying opportunities or customers pain points from customer proposition, product proposition and customer journey mapping, including comercial goal and marketing offet mechanism.
2. Identify target audience, appropriate channels and map-out campaign flow and structure, this campaign construct shall be in appropriate hierarchy by considering product, channel and segmentation. Moreover, identify segmentation criteria's or/and build predictive/ML model to identify target audience for targeting and re-targeting from end-to-end customer journey steps and campaign flow.
3. Identify metrics/assumptions and complete campaign assessment, by define metrics based on campaign construct and campaign flow, by incorporate baseline metrics and additional metrics unique for the campaign. Including to define assumptions/ KPI's for each metric based on benchmark (brand new campaign) or experienced KPI's (optimized campaign).

4. Develop marketing creative and content creation using tweak marketing content and creative by leveraging content hub. Most important is to develop content mock-up for deliverables.

5. Setup channel (media), platform and products, by setting up media platform based on requirements (campaign construct, target audience criteria and campaign flow). And place tagging across end-to-end funnel based on campaign level metrics and re-targeting strategy/flow.

6. Measure performance by comparing metric outcome with pre-defined assumptions / KPI's, Identify gaps and drill down to raw data to identify cause of the gap (if needed), and produce campaign analysis report and suggestions of optimisation.

7. Developed optimized campaigns based the test and learned.

CONCLUSION

This study aims to analyse the influencing factor of purchase intention in concept test of innovative insurance product development which will be commercialize by DELI, the perception research on the Millennials and Generation Z as the main target market of this innovative insurance product.

According to the analysis by referring to the results of data processing using SmartPLS 3.0, which comprehend the conclusion of all key dimensions of critical success factors has positive influence on perceived innovation, perceived value and perceived price for Millennials and Generation Z group or respondents, except believability for Generation Z towards perceived value has negative influence. Additionally, the research revealed that the indirect impacts of perceived innovation and perceived price do not act as moderating factors in the relationship between purchase intention and the Critical Success Factors (CSFs). However, it was observed that perceived value plays a significant role in positively influencing the relevance and product demand key dimensions of the critical success factors. Consequently, this positive influence on customers' perceived value ultimately leads to a favourable impact on their purchase intention. In other words, while the research did not find a direct relationship between perceived innovation or perceived price and purchase intention, it underscored the importance of perceived value in shaping customers' attitudes and intentions. The findings suggest that when customers perceive a higher value in the insurance product, particularly in terms of its relevance and meeting their product demands, their inclination to make a purchase is positively affected.

These results highlight the need for insurance providers to prioritize and enhance perceived value by aligning their offerings with the specific needs and desires of the target market. By focusing on delivering relevant and in-demand insurance products, providers can effectively influence customers' purchase intentions. This implies that the critical success factors of the insurance product, which encompass dimensions such as likeability, appeal, uniqueness, believability, relevance, product demand, and affordability, should be designed and implemented in a way that enhances perceived value for customers. Overall, the research emphasizes the significance of perceived value as a key driver of customers' purchase intention, emphasizing the importance of aligning the critical success factors with customers' expectations and preferences. By understanding and incorporating these factors into their product development strategies, insurance companies can cultivate a more favourable perception among customers and increase their likelihood of making a purchase.

REFERENCES

1. 2022 Indonesia Millennials and Generation Z Report, IDN Research Institute and Populix (2022).
2. Cooper R. G. 2011. "Winning at new products: creating value through innovation". Philadelphia: Basic Books.
3. Booz, Allen, & Hamilton. 1982. New product management for the 1980's. New York: Booz, Allen & Hamilton, Inc.
4. De Brentani, U. 2001. Innovative versus incremental new business services: Different keys for achieving success. Journal of Product Innovation Management.
5. Kotler, P. 1994. Marketing Management: Analysis, Planning, Implementation, and Control, 8th edn., Prentice-Hall International Inc., New York.
6. Dahan, E. and Mendelson, H. (2001). "An Extreme-Value Model of Concept Testing". Management Science.
7. Page, A.L. and Rosenbaum, H.F. (1992). "Developing an Effective Concept Testing Program for Consumer Durables". Journal of Product Innovation Management.
8. Bhuiyan, Nadia. (2011). A framework for successful new product development. Journal of Industrial Engineering and Management.

9. Dolan, R.J. Managing the new product development process. Addison-Wesley, Massachusetts, 1993.
10. IPSOS Consulting Agency (2009, February 20). DELI Project Crimson Internal Data. https://www.ipsos.com/
11. Porter, M. E. (1990). The Competitive Advantage of Nations. NY: Free Press.
12. Vrakking, W. J. (1990). The Innovative Organization. Long Range Planning.
13. Weerawardena, J. (2003). The role of marketing capability in innovation-based competitive strategy. Journal of Strategy Marketing.
14. Kwaku, A. G. (1995). An exploratory analysis of the impact of market orientation on new product performance: A contingency approach. Journal of Product Innovation Management.
15. Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: A means-end model and synthesis of evidence. Journal of Marketing.
16. Sheth, J. N., Newman, B. I., & Gross, B. L. (1991). Consumption Values and Market Choices: Theory and Applications. Cincinnati. OH: Southwestern Publishing.
17. Sweeney, J. C., & Soutar, G. N. (2001). Consumer perceived value: The development of a multiple item scale. Journal of Retailing.
18. Dodds, W. B., Monroe, K. B., and Grewal, D. (1991) The Effects of Price, Brand and Store Information on Buyers' Product Evaluations. Journal of Marketing Research.
19. Nagle, T. and Holden, R. (1995). The Strategy and Tactics of Pricing: A Guide to Profitable Decision Making.
20. Dubas, K.M., Dubas, S.M adn Atwong, C. (1999). "Some difficulties in predicting new product trial using concept scores". Journal of Product and Brand Management.
21. Zietz, E. N. (2003). An examination of the demand for life insurance. Risk Management and Insurance Review.
22. 2019 National Socio-Economic Survey, Badan Pusat Statistik (2019).