

The Relationship of Demography Factors and Psychological Factors with Investment Product Options

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Abstract: There are several factors that influence the selection of consumer products, including external factors including marketing mix, culture, and perspective, while internal factors that influence include, demographics, psychology, and personality. This study aims to explain the relationship of consumer demographic factors with the choice of investment products at Bank BRI and to explain the relationship of consumer psychological factors with the choice of investment products at Bank BRI. The population in this study are BRI priority customers who already have Ori and Mutual fund investments. The sampling method uses probability sampling which is 100 people. Technical data analysis uses the Chi-Square Test method. The results of the analysis show that the relationship of democratic factors with investment choices shows that 3 demographic factors namely age, gender, education, do not significantly influence investment choices while employment and income factors have a significant effect on investment choices at BRI Bank. The relationship of psychological factors to investment choices at BRI Bank, the results of the analysis using chi-square obtained the results that psychological factors significantly influence consumer investment choices. It is recommended to the next academics or researchers that the results of this study can be used as a source of reference to conduct further research by paying attention to existing weaknesses. BRI is expected to provide results of this research to provide inputs to be used as a reference in marketing investment products.

Keywords: demographic factors, psychological factors, investment product choices

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I. Preliminary

The impact that can be felt from the rapid rate of development of triple T (technology, trade and transportation) is a globalization phenomenon that is increasingly unavoidable. Heterogeneous consumer behavior raises different desires for the type of investment that will be chosen. The universal human needs hierarchy in Maslow's theory is known for the five basic levels of needs that are sorted by the importance of lower level needs to higher level needs, while Maslow's theory consists of physiological, safety, belonging and love needs, self esteem, self-actualization needs (Maslow, 2010: 40).

In deciding the selection of investment products, a consumer is influenced by external and internal factors. External factors include marketing mix, culture, and perspective, while influential internal factors include demographics, psychology, and personality. Demographic factors consist of gender, age, education, occupation, and income. Gender, has an influence on the purchase of goods or services consumed by consumers, both men and women. Compared to female consumers with men, male consumers tend to be less selective in choosing products. Age, with increasing age will affect one's experience in choosing products or services. The more a person ages, the more varied the purchasing decisions are. Education, a person's formal level of education is a commonly accepted social class position, the higher a person's education is, the more likely that person has a high income or salary. Employment, is a widely accepted social measure including the best documented social class size because it illustrates work-related status. Family income is another socioeconomic variable that is often used to estimate the position of social class, the greater the person's income, the easier it is to decide to buy a product or service needed (Magdalena & Susanti, 2015).

This study aims to explain the relationship of consumer demographic factors with the choice of investment products at Bank BRI (Bank Rakyat Indonesia) and to explain the relationship of consumer psychological factors with the choice of investment products at Bank BRI (Bank Rakyat Indonesia).

FORMULATION OF HYPOTHESES AND FIGURES OF THE RESEARCH MODEL

The hypothesis in this study is; (1) the age or age of consumers is significantly related to the choice of investment products (2) the sex of consumers is significantly related to the choice of investment products (3) the level of consumer education is significantly related to the choice of investment products (4) the work of consumers is significantly related to the choice of investment products (5) consumer income is significantly related to investment product choices (6) there is a relationship between consumer psychological factors and

investment product choices. The conceptual framework of the study entitled The relationship between demographic and psychological factors with the choice of investment products (mutual funds and state bonds) at Bank BRI is:

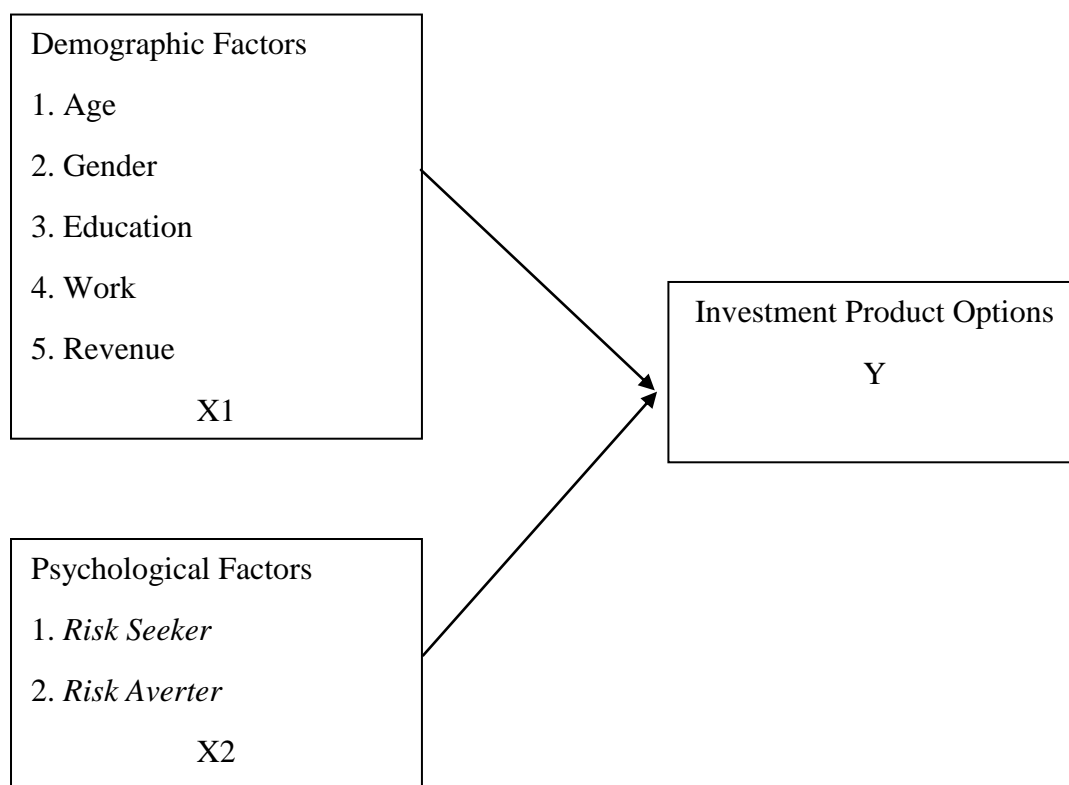


Figure 1 Conceptual Framework Regarding the Relationship between Demographic Factors and Psychological Factors with Investment Product Options

II. Method

The population in this study is BRI Denpasar priority customers, with a total of 1300 people who already have ORI and Mutual Fund investments. In field conditions it is very difficult to contact all customers because conditions of telephone numbers and addresses are not appropriate and the number of customers conducting transactions to the office is not too much so that a sample of 100 customers is determined because testing the data using *chi-square* requires an ideal sample ranging from 100 - 200, then this study uses a minimum sample of 100.

Data collected in this study are; (1) secondary data is collected through documentation of BRI's internal company data (2) Primary data is collected by distributing questionnaires consisting of statements regarding demographic variables, regarding investments owned by BRI in the form of investments in the form of Ori and Mutual Funds. To get 100 respondents contacted via customer identity by telephone. If consumers are difficult to contact via telephone and are not willing to fill out questionnaires, they will be deemed as research respondents. Consumers who make a transaction to the Bank if they are willing to fill out a questionnaire can be used as research respondents. The questionnaire distribution process was assisted by BRI marketers.

The method of data analysis uses descriptive statistics to describe demographic variables namely age, sex, education, occupation, and income and inferential statistics used are *Chi-square tests* which are useful for testing the relationship between demographic and psychological variables on investment product choices.

III. Results And Discussion

Characteristics of Respondents

The sample size was 100 customers consisting of 50% men and 50% women, 50% of productive age and 50% of non productive age, 55% of low education and 45% of higher education, 40% not working and 60% work, as many as 40% have low income and 60% have high income. As many as 45% choose investments in mutual funds and 55% choose investments in bonds. 46% risk seekers and 54% risk averters.

Next is the relationship of demographic variables with the choice of investment products which are first shown in Table 1.

Table 1 Relationship between Demographic Variables and Investment Product Options

No	Variable	Product Choice		Chi-square test Result		Remarks
		Mutual Funds	Bonds	Value	Significant	
Age						
1	Not Productive	18 (40%)	32 (58.2%)	3.273	0.07	Not Significant
2	Productive	27 (60%)	23 (41.8%)			
Gender						
1	Male	27 (60%)	23 (41.8%)	3.273	0.07	Not Significant
2	Female	18 (40%)	32 (58.2%)			
Level of Education						
1	Low Education	22 (48.9%)	33 (60%)	1.235	0,185	Not Significant
2	High Education	23 (51.1%)	22 (40%)			
Profession						
1	Working Rate	12 (26.7%)	28 (50.9%)	6.061	0.014	Significant
2	Working	33 (73.3%)	27 (49.1%)			
Income						
1	Low	12 (26.7%)	28 (50.9%)	6.061	0.014	Significant
2	High	33 (73.3%)	27 (49.1%)			

Relationship between Demographic Variables and Investment Product Options

The following is explained about the answers to the problem formulation and the results of tests that have been carried out using *Chi-Square* analysis. Demographic factors in this study consisted of six variables including age classified as productive and non-productive age, sex consisting of men and women, education level classified as higher education and lower education, occupation consisting of work and not working work, income consisting of low income and high income, as well as investment product choices in this study are mutual funds and bonds

Age relationship with investment product choices

The results of the analysis of the relationship of age variables with the choice of investment products using *chiq-square* obtained insignificant results which indicate that the age factor does not significantly influence the choice of investment products and mutual funds. The results are consistent with research by Barber and Odean (2001) which states based on hypothesis testing results performed statistically prove that there is no significant relationship between age with the comfort and safety factor of capital market investors.

Relationship types sex with a selection of products investment

The results of the analysis of gender variables on the choice of investment products using *chiq-square* shows that the hypothesis is rejected because it is not significant. The results are consistent with research conducted by Cooper (2001) and hypothesis testing results conducted to prove that there was no significant relationship between sex with comfort and safety factor of capital market investors.

Relationship of Education level with investment product choices

The results of the analysis of education level variables on investment product choices using *chiq-square* indicate that the hypothesis in this study was rejected because it was not significant. The results of this study are consistent with research conducted by Cooper (2001) showing that the results of hypothesis testing conducted prove that there is no significant relationship between education with the comfort and safety factors of capital market investors.

Relationships p ekerjaan with a choice of investment products

The results of the analysis of employment variables on the choice of investment products using *chiq-square* obtained the hypothesis in this study that had a significant effect. This shows that there is an influence on the type of work owned by investors to the type of investment chosen, according to previous research from Cahyadi (2010), that investors who work more invest in mutual funds with high risk compared to investors who do not work more choose investments in bonds with low risk. The results of this study are in accordance with research conducted by Kiran and Rao (2004) which states that of the 9 demographic characteristics studied, one of which is proven to be related to investor behavior towards investment risk is the type of work of investors. Based on hypothesis testing conducted proportionally respondents with relatively higher entrepreneurial background who are not concerned with a sense of comfort and security compared to other types of work. This is possible because entrepreneurs are more willing to take high risks in the hope of obtaining greater profits. Based on the results of hypothesis testing, it can be proven that there is a significant relationship between the types of work with the comfort and safety factors of capital market investors.

The relationship of income to the choice of investment product

The results of the analysis of income variables on the choice of investment products using *chiq-square* obtained a significant relationship that is the hypothesis is accepted. The results of this study concur with research conducted by Rezvani, et al (2013) income variables have a positive effect on consumer purchase intentions for Herbalife products. Wadi & Rahanatha (2013) also found income to have a significant effect on consumer purchase intentions. Girard (2010) states the income variable is the variable that has the highest value in the decision to purchase product samples.

The relationship between consumer psychological factors and investment product choices

The results of the analysis of psychological variables on the choice of investment products using *chiq-square* showed a significant effect. This is consistent with research conducted by Lutfi (2010) where people who dare to risk prefer investing in mutual funds and people who fear risk prefer investing in bonds.

Table 2 Relationship between Consumer Psychology Factors and Investment Product Choices

No	Variable	Product Choices		Chi-square Test Results		Information
		Mutual Funds	Bond	Score	Significance	
Psychology						
1	<i>Risk Seeker</i>	45 (100%)	1 (1.8%)	96,047	00:00	Significant
2	<i>Risk Averter</i>	0 (0%)	54 (98.2%)			

IV. Conclusions And Recommendations

Conclusion

Based on the results of the study of the relationship between demographic and psychological factors on the choice of investment products at BRI Bank, it can be concluded that; (1) the relationship between demographic Rafi with investment choice showed that three demographic factors namely age, sex, education does not significantly influence the investment choice while employment and income-related factors significantly influence the choice of investment in Bank BRI. For example, gender and education do not significantly influence investment choices, meaning productive and unproductive ages have no difference in choosing investment products. The sexes of men and women do not have differences in choosing investments, nor do they have a difference between low and higher education in choosing investments, in terms of employment respondents who do not work prefer investing in bonds and respondents who work more choose to invest in mutual funds, in terms of income, low-income respondents prefer investing in bonds and respondents who have higher education invest more in mutual funds. (2) The relationship of psychological factors to investment choices in BRI Bank, the results of the analysis using *chi-square* obtained the results that psychological factors significantly influence consumer investment choices. Consumers who are brave about risk prefer to invest in mutual funds while consumers who are afraid of risk choose to invest in bonds.

Recommendations

Based on the research results obtained can be suggested things as follows namely; (1) in marketing investment products at BRI, age, gender and education are not considered by marketers to market investment products to consumers, which need to be considered in marketing investment products, namely the income and employment of consumers. (2) if you are going to market the product to consumers, you also need to know the psychological factors of the consumer whether the consumer is afraid of risk or dare to risk so that in marketing it is clear what product to be marketed. (3) for the next research it is recommended to conduct research in a wider area so that it can be generalized.

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