

Brand Trust: An Empirical Research on Customers of Public & Private Sector Insurance Companies

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ABSTRACT

Huge market potential made India most favorable destination for insurance products around the world and all of them aiming at building brands that can earn loyalty and win the trust of customers. The brand valuation of well-known FMCG companies like P&G, HLL, Pepsico etc. valued at sums larger than their turnovers. However, all brands do not succeed in becoming highly valued brands. When it comes to succeeding with branding, one of the key aspects of branding has been winning the 'trust' of consumers. This research sets out to focus on the various aspects that earn brand trust of customers for public & private insurance companies in India. Through a survey of customers and elucidates the factors an organization need to manage to enable brand trust. The research is based on field data collected from 300 customers. The findings indicate that service consumer brand trust in India is influenced by five potential factors viz. Managerial & Technical Skills, Moral Values, Marketing Skills, CRM, Trust worthiness. The strategic & managerial implications of the current research is that service organizations like 'Insurance' should focus more on shaping employees' intrinsic and extrinsic qualities (attributes) to build brand trust and loyalty among customers.

Keywords: Brand image, Service products, Brand trust, Employee branding

I. INTRODUCTION

A Brand

Brand is an intangible asset to the company that shows company's strength of delivering promises. Brand is defined as a distinguished sign, symbol, slogan or any tangible attribute that identifies the product or service from a particular manufacturer. Building brand trust for service brand is a big challenge before service organization. Brands help customers to identify their priorities which can help them to simplify their lives and streamline their selection-making. Companies are working hard to convert product into well know brand. Simply a product may move out from the shelves but a brand never, reason because there is a very thin line between the category of winners and losers. The losers start as product and die at store shelves as

products. But winners start as product in the factory and go on to become brands in customer's hearts and minds. Successful brands stand for values and make these values proprietary to their names. A good brand establishes confidence among the customers regarding product performance and quality assurance. A brand makes the product relevant and meaningful for the target customers. It enhances the product over and above the basic generic level. Brand differentiates the product or company in the marketplace with its unique visual cues. It defines and defends market positioning and space. A good brand offers three distinguished benefits to the customers:

Product Authenticity - brand brings the product at the selection level where customers are shown the real value of the product which provides true value for money with desired satisfaction and committed

quality. Brand ensures the authenticity of the product's performance as displayed and helps them in their selection process among the products available.

Company' Experience - brand communicates about time age of a firm is into. It shows the strength and ability of the firm to better cater the need of the customers in particular sector against their rivals. An old brand ensures consistency in performance and quality expected by the customers which further helps them to become loyal towards the particular brand.

Create Differentiation - Brand creates differentiations from the rivals. Differentiation is a unique tool to win against the competition. Brand creates a substantial differential advantage in one's product. For creating substantial differential advantage a marketer must create a point of difference in the way customers perceive the Brand. The point of deference is to be unique so that customers accept the brand as one which can satisfy their desired needs that can't be fulfill by any other brand.

Service Products

Service products are different from manufactured products and have some unique characteristics that make them unique in buying and selling. Simply, the seller has to pay special attention while selling services. Because services are consumed parallel with its production therefore the process of delivering is equally important as the actual service product or sometime more than that. In selling services sales executives perform significant role in meeting customers' expectations from the brand and fulfilling brand promises. A brand must transform into something that can satisfy the customer's physical, social, psychological and other needs. These all achieved through external communication with targeted prospects. Organizations are spending lots of money over advertisements and promotions just to establish pedestal for communicating the desired messages.

Mitchell (2002) opined that, spending more on external communication, customer touch points without an equal emphasis on internal customers is less effective because many practitioner believed that employees are the brand and should treated as a priority audience. Employees are the one who make the brand alive for the customers.

Service Employees

Service employees are the key element in selling services. They act as prime factor for creating value to the customers while delivering brand promises in similar manner as promised. Organizations are presenting their brand as more than just a mere product, because it is now understood that brand's strength lies in its bondage with the customer. A brand must transform into something that can satisfy the customer's physical, social, psychological and other needs. Entrepreneurs always think that, why internal marketing is important, why employee must involve in designing and defining brand strategic goals, does it have relevance? Mitchell (2002) propounded that internal communication is very significant because it is the best way to help employees make a powerful emotional connection to the products and services the organization sell. Internal connectivity of employees with brand gives belongingness and loyalty towards the brand. It enhances sense of responsibility towards the organization as well as the brand. One of the most important messages that internal communication should deliver is to create and define the company's values and beliefs to the employees who will thus have a clearer sense of what it means to be a member / employee of the organization (Belasen, 2007). The importance of internal communication can be explained as the need to build and retain a permanent relationship between managers and employees, in order to create awareness among the internal stakeholders of their actions' impact on the environment and their quality (Borsese et al, 2003). This approach includes every employee believing in core value and principles of the organization (Balmer and

Gray, 2003; Belasen, 2007), and conveying the same to the customers. This internal bondage of employees with a brand gives a cutting edge to fight with competition and satisfying customers.

Proposed Model

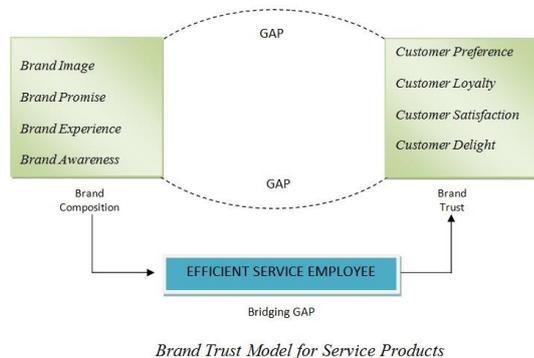


Figure 1 : Proposed Model by - R. Roy and A. Kumar

Proposed model of brand trust for service products has been derived from extensive review of related literatures. It is the outcome of theoretical approach based on field experience of past researchers. The model pictorially displays the role and importance of service employee for creating brand trust among customers. A good brand composed with various elements that offer distinct benefits to it which covert into customer preference, loyalty, satisfaction and delight. But in case of service products there is a gap between a good composed brand and customer brand trust. This gap arise due to inherent characteristic of services i.e. intangibility. Service products can't sell itself like manufactured products. Tangible goods can sell itself or rather they act as a silent salesman but services need efficient service salesman for selling. It means service employees play significant role in selling services while bridging the gap between the two, thus creating unmatched brand trust among customers.

II. METHODS AND MATERIAL

A. Literature Review

Service brand is often made or broken at the moment service seller and service receiver meets to exchange their needs (Bernoff and Schadler, 2010). In today's market scenario, brand creates distinction and brings equity to the company. Brand is an important tool to win

the competition at market place and established a trust of better delivery, competitive pricing, constant quality and promised product performances. Because brand is sign/symbol of quality, trust or performance hence, it is perceived by the customers as association of various attributes which provide need satisfaction better than any other offering. It seems to be quite relevant to manufactured products but in case of services developing brand trust become challenging. Building a valuable service brand required extensive employees' participation with full dedication and belongingness towards the organization. How employees behave, what pragmatic approach they use, what limit they reach to serve customers, how much they eager to keep brand promises etc. create trust among customers towards a brand.

Urde (2003) stressed upon brand's role in communicating organizational values that company walk upon to service their customers. Since the product is intangible it is hard to convince customers towards a brand to be trusted. The only way to give justice to organization's /brand promises is to provide most upgraded customer service at zero variability. Employees must fulfill all of their desires from a brand in much comprehensive manner.

Several studies revealed that service employee is a source of customer delight & satisfaction (Bienstock et al., 2003; Hatch and Schulz, 1997, 2003; Zemke, 2002; Parasuraman et al., 1985; Kennedy, 1977). Bitner (1995, 1990) asserted that during service delivery, consumer's satisfaction tends to get influenced by the employee who is involved in the delivery process. Employee's involvement in the service delivering process is like audio of any movie. As a movie has no value without audio or a good audio, service product has almost no value without a good service delivery. Heskett et al (1994) in their service profit chain model showed a link between employees, customers and profitability. Schneider and Bowen (1995) showed customer's increase in perception of service quality with positive employee attitude and their role.

B. Objectives of the Study

1. To study the customers' perception towards the role of employees in brand image creation for insurance company.

2. To determine and analyze the factors creating trust of customers for an insurance brand.
3. To suggest a proposed model on brand trust for service products.
4. To open new vistas for further research on related topic.

C. Research Problem

** Service Employee’s role for creating brand trust of customers for insurance company.

D. Research Hypotheses

Null Hypothesis - H_{01} : Customers of public & private insurance company do not differ in their perception about brand trust created by service employee for insurance company

Alternate Hypothesis - H_{11} : Customers of public & private insurance company do differ in their perception about brand trust created by service employee for insurance company

III. RESULTS AND DISCUSSION

Table 1

Group Statistics

	Group	N	Mean	Std. Deviation	Std. Error Mean
Sector	Public	100	81.56	8.039	.804
	Private	100	86.51	13.692	1.369

Table 2

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means							
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference		
								Lower	Upper	
Sector	Equal variances assumed	11.604	.001	-3.118	198	.002	-4.950	1.588	-8.081	-1.819
	Equal variances not assumed			-3.118	160.013	.002	-4.950	1.588	-8.086	-1.814

The null hypothesis H_{01} is found rejected at 5% level of significance as the significance value is found 0.002 < 0.05.

The Levene’s test for equality of variances shows sig. value 0.001 which is smaller than 0.05, therefore, the assumption of equality of variance stand accepted.

As the null hypothesis stands rejected the result reveals that customers of public (M=81.56, SD=8.039) and

private (M=86.51, SD=13.69) insurance company do differ in their perception about brand trust created by service employee for insurance company; $t(198) = -3.118$, $p=0.002$.

Potential Factors Essential for Creating Brand Trust for Insurance Company

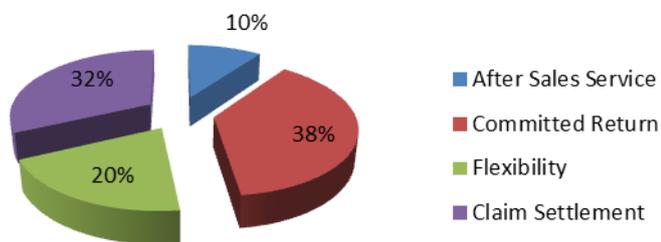


Figure 2: Significant Parameters Follow

Figure 2 describes significant parameters follow by customers while taking an insurance company as trusted company. Respondents ranked these factors as per their priority for selecting or considering an insurance company as trusted brand. With the help of percentage the research could rank these factors into priority order:

First: Committed Return: it includes minimum return on investment committed by employee, conveyed company's charges on policy, types of bonuses committed, rate of return every year, true maturity amount etc.

Second: Claim Settlement: it includes lag time for admitting insurance claim, reasonable point of rejection, claim processing time, mode of payment etc.

Third: Flexibility: it includes ease of operating policy, possibility of switching, surrender, partial withdraws, self-operating fund facility, top ups, ease of portability etc.

Fourth: After Sale Service: Fund switching suggestions, premium intimation and collection, help in resolving issues related to fund value; charges; annual return, information about new products, advising for switching into other better plan etc.

Discussion

The research result revealed that there is a significant difference between perception of public & private insurance company's customers with respect to building brand trust for insurance company through service employee. Study found significant difference between

means of two independent subgroups representing public & private insurance customers (public M=81.56 & private M=86.51). Mean difference represent the degree of significance of an employee for creating brand trust for insurance company. Higher the mean higher the perceptions, as the mean of private insurance customers is high that shows respondents acknowledge the importance of service employees for establishing trust on insurance company. Such difference in perception arise due type of sector i.e. private sector. India, where majority of families belongs to low income group therefore they are price sensitive and concern for their investments. It becomes very challenging to private companies to earn trust on their brand. This phenomenon applies on both manufactured as well as service products. Hence, for private insurance company service employees need to work hard, bridging gap between organization & customers, fulfilment of customers' expectation and many more. The study experienced an invisible trust on public sector insurance company. Customers feel secured for their investments if they invest into public insurance companies. Though, these public companies are less customer oriented, almost no customers' care & far away from customers' satisfaction, thereafter they enjoy highest customers' support and favouritism.

IV. CONCLUSION

The study concludes at different aspects of insurance industry, selling mechanism of service products & significance of service employees

- Customers reluctantly buy private insurance products due to their bad experience with service employee or agent. False commitments and unethical practices followed by employees to sell insurance products becoming a main cause of declining brand trust for private insurance companies.
- Employee's role is found more significant in building brand trust for private insurance companies. Customers are found more alert & observant while dealing with private companies therefore employee's overall performance is indeed shapes customer's positive behavior towards the brand.

- Customers follow a different pattern for selecting private insurance brand. The study found four basic parameters on which customers evaluate private insurance brand for its appropriateness. Parameters viz. commitment about return on investment, claim settlement procedure, flexibility in using policy functions & services required after sale.
- The study found private insurance brand should focus more on their employees and shaping their behavior on ethical ground. They should be more attentive and fare while dealing, avoid situations of misspelling, do not hide important aspects of product and follow CRM mechanism for building long and strong relationship.

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