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Service Branding and Performance of Insurance Firms in Ekiti State, Nigeria

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ABSTRACT: *The apparent poor performance in the insurance sector occasioned by poor service branding is the major factor that triggers this study. The study examined the influence of brand meaning, brand awareness, brand image and external brand communication on performance of Insurance firms in Ekiti State. Survey research design was adopted in executing the study with a population of 257 Insurance employees in Ekiti State. Since the population was relatively small, the entire population was used as a census. Primary data were collected using self-administered questionnaire distributed to employees of insurance companies in Ekiti State. The data generated from the questionnaire were subjected to statistical analysis and the hypotheses were tested using Correlation Coefficient with the aid of Statistical Package for Social Sciences (SPSS) version 25.0. The findings revealed that all the independent variables (brand meaning, brand awareness, brand image and external brand communication) have significant influence on performance of insurance firms in Ekiti State. Hence, the study concluded that a statistically significant and positive association exists between service branding and performance of Insurance firms in Ekiti State. Hence the study recommended that management of insurance companies should put strong policies on service branding in place so as to improve profitability and market share of insurance firms operating in Ekiti State.*

KEYWORDS*:* service, branding, service branding, organizational performance, insurance firms.

INTRODUCTION

Performance of insurance companies in the country has continued to dwindle despite that the industry has undergone various improvements and consolidations over the years. Recently, Niger insurance and Standard Alliance companies were placed under statutory administration because it

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had failed to meet its obligation to the shareholders. This calls for innovative service branding strategies to be introduced to enable the industry to continue to meet the expectations of its customers.

Insurance companies provide unique financial services that drive the growth and development of an economy. Such specialized financial services range from underwriting of risks inherent in economic entities and the mobilization of large amounts of funds through premiums for long-term investments (Pearson & Robinson, 2007). The ability of Insurance companies to continue operations hinges on their capacity to innovate through service branding and create profit or value for their shareholders. Indeed, a well-developed and evolved insurance industry dives economic development as it provides long-term funds for infrastructure development (Charumathi, 2012). Porter (2008) defines performance as the above-average rate of return sustained over a period of years. Firm performance could mean the success level of the firm in the market within which it operates. It is clear from the foregoing that Performance can be conceptualized as a process or the manner by which the business owner or manager of business executes their functions and crucial elements to improve the standard of their businesses. In enterprise management, Moullin (2013) defines an organization‘s performance as how well the organization is managed and the value the organization delivers for customers and other stakeholders. Performance also refers to the firm‘s success in the market, which may have different outcomes. We can conclude that performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. An insurance firm is said to be performing when it gives adequate returns on investment, acquire a reasonable share the market in the industry and experience sales growth.

Branding is important to all organisations in order to distinguish their products from those of their competitors. Acquiring sales growth and a fair share of the market is not without the effort of branding. The use of brands has changed over the years and has developed from only representing the product's name to now giving the product a deeper meaning (Murphy,2001). It is no longer enough to brand a service just using its name, the important functions that branding perform must be used in a consistent way in the marketing of the. The advantage of a branded service is that the customer is willing to pay a premium price for the added values that the brand embodies. The branded service does not only satisfy the customer's rational need, but also provides certain benefits that will satisfy emotional needs (de Chernatony & McDonald, 1998). Traditionally, branding has focused on tangible products, but in recent years the focus has expanded to also include branding of services (de Chernatony & Segal- Horn, 2003; Krishnan & Hartline, 2001). Although branding of services has started to develop, this has not kept pace with the growth of the overall service sector. The growth of the service sector has led to increased competition where branding has become an important tool for gaining competitive advantages. It could be argued that branding of services is even more important than branding of products since the customer has no tangible attributes when assessing the brand (de Chernatony & McDonald, 2016).

Problem Statement

The dwindling performance in the insurance sector occasioned by poor service branding is the major thing that triggers this study. As noted by Tope (2021), the growth rate of insurance in Nigeria is 2.78% which is far below the global average of 7.20%. According to Deloitte (2008), insurance companies across Europe and America have continued to enjoy strong business conditions and have regularly added to their GDP. The dwindling growth of the sector in Nigeria poses a serious threat to the overall growth and development of the already weak economy.

According to Delloite (2008), the low performance in the sector is attributed to failure to embrace innovative service branding strategies; stating that regulators in the insurance industry are still sticking to traditional way of branding. It appears the service branding strategies that insurance companies are used to are fast becoming obsolete in the face of modern information and communication technology. This is dangerous to insurance companies if new approach to dong business is not considered in the face of competition and modernization.

Previous studies that have been conducted focused largely on tangible products (Keller, 1993; Cobb-Walgren, Ruble & Donthu, 1995; Krishnan & Hartline, 2001; Mackay, 2001). More so, vast majority of these studies were conducted outside Ekiti State in particular and South-West in general. We have not found any research where the researchers approach service companies to deeper investigate how the use of service branding (brand meaning, brand awareness, brand image and external brand communication) influence the growth of insurance firms. There is also a shortfall of research within the area of service branding in relation to insurance companies. Hence this study aims at filling the study gap in the mainstream of service literature.

Research Hypothesis

In the light of the above problem statement, the following research hypotheses are stated in their null forms:

H_1: Brand meaning has no significant influence on performance of insurance firms
H_2: Brand awareness has no significant influence on performance of insurance firms
H_3: Brand image has no significant influence on performance of insurance firms
H_4: External brand communication has no significant influence on performance of insurance firms

LITERATURE REVIEW

Performance of Insurance Firms

Performance is a concept that is subject to open and wide variability of meanings as it is somewhat an imprecise word when it functions as a place holder in research (Folan, Braume & Jegede, 2007). The lack of consensus on the definition of the concept creates confusion and clearly limits the potential for a clear generalisability and comparability of research in this area (Franco-Santos, et.al 2007). To accurately assess how well a business is performing, Moulin, (2003) opines that

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one needs to develop some quantifiable measures by identifying those aspects of the business processes that need improvement and those that are working well. This can then be used to evaluate the company's productivity over a set period of time.

Porter (2008) defines performance as the above-average rate of return sustained over a period of years. Firm performance could mean the success level of the firm in the market within which it operates. It could also be described as the ability of the firm in creating commendable profit. Yahya (2014) sums it as a measure of how well a mechanism/process achieves its purpose. He adds that a firm‵s performance is an important dependent variable in business research. Naelati, Tubastuvi and SobrotulImti (2014) view the concept as the ability of an object to produce results on a dimension that has been determined beforehand in relation to a set standard or target and often relates to action and processes that lead to some outcome and the result of the action is also generally included in the examination. It is clear from the foregoing that Performance can be conceptualized as a process or the manner by which the business owner or manager of SMEs executes their functions and crucial elements to improve the standard of their businesses. In enterprise management, Moullin (2003) defines an organization‵s performance as ―how well the organization is managed‖ and the value the organization delivers for customers and other stakeholders. Performance also refers to the firm‵s success in the market, which may have different outcomes. We can conclude that performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed.

Firm performance is a focal phenomenon in business studies. It is also a complex and multidimensional phenomenon which can be characterized as the firm‵s ability to create acceptable outcomes and actions and which has been established to directly depend on efficient marketing practices (Naelati & SobrotulImti, 2014). Every serious business must ensure that its practices evolve to continue enhancing its performance. The performance of a firm can be viewed from several different perspectives, and various aspects can jointly be considered to define firm performance. Studies relating to both large firms and Small and Medium Enterprises (SMEs) constantly emphasize a positive relationship between businesses practices, management activities and performance, as it is often articulated that best business practices produce superlative business performance (Arsalan, Naveed & Muhammad 2011). This entails re-examining the operations of a number of practices and determining which of them are most successful. This will help to set standards against which similar businesses are measured to ensure that the plans for progress are directed towards achieving similar and even superior goals (Kolsum, 2014).

According to Wirtz, Tuzovic and Kuppelwieser (2014) assessing a firm‵s performance and its measurement is difficult, because performance refers to several organizational outcomes, which include both subjective and objective elements. Peilei (2011), assert that most managers are likely to act on their subjective opinions with regard to a competitor‵s performance. With regard to

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objective measures, Yusoff, Nasir and Zainol, (2012) believe that there are clear attractions in objective measures. It will therefore be helpful to select a blend of some key organizational outcomes when measuring a firm‘s performance.

To ensure the continuous benefit of performance in firms, it must be measured at all times (Navickas, Skackauskiene & Navkaite, 2014). In the views of Kolsun (2014), Performance Measurement provides the basis for an organization to assess how well it is progressing towards its predetermined objectives.

According to Kasturi, (2006) Performance of insurance company in financial terms is normally expressed in net premium earned, profitability from underwriting activities, annual turnover, return on investment, return on equity etc. Budget variances measure the financial performance of insurance company. This performance will include both financial and non-financial performance. Financial performance for a company with branches can be divided as profit performance and investment performance. These measures can be classified as profit performance measures and investment performance measures. The choice of performance variables for this study is therefore very appropriate and in line with similar previous studies.

Service Branding

The characteristics of services that are most evident are intangibility, inseparability of production and consumption, heterogeneity and perishability. All of these characteristics of services influence the marketing of services, and hence the building of brand equity (Zeithaml et al., 1985). Berry (2000) base on his service branding model define service branding as the way equity is built up by brand awareness and brand meaning, which in turn is built up by presented brand, external brand communications and customer experience with company.

The presented brand has the greatest impact on brand awareness and has to do with how the company intentionally present its brand through for example name, advertising and different symbolic associations (Berry, 2000). It also involves the need to be consistent and present the same image of the brand through all channels (de Chernatony & Segal Horn, 2003; McDonald et. al., 2001).

Theoretical Framework

This study is underpinned on the service branding model proposed by Berry (2000). Berry (2000) developed a model for creating brand equity for services. He identifies brand equity as “the differential effect of brand awareness and brand meaning combined on customer response to the marketing of the brand”, which is his interpretation of Keller’s (1993) definition of brand equity. According to Berry (2000) the service branding model does not differ in kind from that of products, only in degree.

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He argues that the main difference in building brand equity for products compared to services is the great importance of service performance, meaning human performance for services rather than machine performance for products. In Berry's (2000) model, brand equity is based on brand awareness and brand meaning, where brand meaning has a greater influence on brand equity than brand awareness. Brand awareness is primarily composed of the presented brand, but is also affected by external brand communication. Brand meaning is foremost affected by the customer's experience with the company, but also indirectly affected by external brand communication and the presented brand. Similarities can be seen between Keller's (1993) work and Berry's (2000) service branding model. For example, they both use brand awareness as a base of brand equity.

Keller (1993) uses the term brand image as the other basis for brand equity, while Berry (2000) uses the term brand meaning. Although the authors use different wordings, they are both referring to the same phenomenon, which is the customer's perception of the brand.

Empirical Review

Hermansson, Frida Larsson, Josephine (2005) conducted a research on Service Branding Model: Small Service Firms' Approach to Building Brand Equity. The purpose of the study is to examine how small service firms operate to build brand equity in relation to the service branding model. The study adopted qualitative approach and conduct a collective, instrumental case study consisting of four companies. The data for the study was collected through interviews. The study found that the influences of external brand communications are greater in small service firms than in large ones while the impact of the presented brand is less significant.

Anyogu and Asiagwu (2020) carried out a study on the relationship between bank branding and customer loyalty in selected commercial banks in South East Nigeria. Brand name, brand logo, brand slogan and brand image were employed as the explanatory variables while customer loyalty was employed as the dependent variable. Relevant conceptual, theoretical and empirical literatures were analyzed. The study was anchored on consumer-brand relationship theory. Descriptive survey design was employed as the theoretical framework. The target population of this study was 5574963 customers of the sampled eight commercial banks in South East Nigeria. Sample size of 400 was obtained using Taro Yamane formula. Questionnaire was employed as the instrument of data collection. Frequency tables, percentage and correlation analysis were employed in analyzing the data. The study found that; brand name has a significant relationship with customer loyalty; brand logo has a significant relationship with customer loyalty; brand slogan has a significant relationship with customer loyalty; brand colour has a significant relationship with customer loyalty; and brand image has a significant relationship with customer loyalty in selected commercial banks in South East Nigeria.

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METHODOLOGY

This study adopted descriptive survey design. Descriptive survey research design is adjudged to be appropriate because it provides an accurate portrayal or account of the behaviour, opinions, beliefs, and knowledge of a particular individual or group through the use of questionnaire. The population of the study comprised of 257 employees of 17 licensed Insurance companies operating in Ekiti State. Since the study population is not too large, the researcher decided to make use of the entire population (257) as the sample. The instrument used to collect primary data for this research is the questionnaire. Quantitative research methods was adopted for this research study. Correlation coefficient was used to test the hypotheses earlier stated in this study.

RESULTS AND DISCUSSION

Table 1: Correlations between brand meaning, brand awareness, brand image, external brand communication and performance of insurance firms

		BMINDEX	BAINDEX	BIINDEX	EBCINDEX	POFINDEX
BMINDEX	Pearson correlation	1	0.580	0.445	0.698	0.395
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	384	384	384	384	384
BAINDEX	Pearson correlation	0.580	1	0.395	0.539	0.421
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	384	384	384	384	384
BIINDEX	Pearson correlation	0.445	0.395	1	0.486	0.450
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	384	384	384	384	384
EBCINDEX	Pearson correlation	0.698	0.539	0.486	1	0.342
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	384	384	384	384	384
POFINDEX	Pearson correlation	0.381	0.345	0.284	0.236	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	384	384	384	384	384

Correlation is significant at the 0.01 level (2-tailed)

Table 2: Regression result for service branding and performance of firms

Model	R	R Square	Adjusted R Square	Std. Error
1	0.445[a]	0.198	0.196	3.40762

Predictors: (Constant), BMINDEX

The result of Pearson Correlation analysis provided in table 1 shows that brand meaning is significantly and positively correlated to performance of insurance firms. The result shows a coefficient of 0.445 at P = 0.01 ($r = 0.445$, $P< 0.01$) which shows that the two variables, brand meaning and performance of insurance firms are positively related. The coefficient of determination (r^2) shows that there is a significant positive relationship of 19.8%, therefore, the null hypothesis is rejected.

Table 3: Regression results of Brand awareness on Performance of Insurance firms
Model summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.486[a]	0.236	0.234	3.32516

Predictors: (Constant), BAINDEX

The results for the model shown in table 3 indicated that brand awareness and performance of insurance firms were positively and significantly associated at 0.05 level ($P < 0.05$). A statistical significance (F-value = 118. 12; P = 0.05) was determined while R^2 was 0.236 or 23.6% which was significant at 0.05 level. This implied that brand awareness explained about 23.6% of the variation in performance of insurance firms. Hence, the null hypothesis is rejected.

Table 4: Regression results of Brand Image and Performance of Insurance Firms.
Model summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.395[a]	0.156	0.154	3.49540

Predictors: (Constant), BIINDEX.

The results of the correlation analysis in table 4 above show a significant positive relationship between brand image and performance of insurance firms. A coefficient of 0.395 ($r = 0.395$, $P < 0.01$) shows that the relationship between the two variables is positive. The coefficient of determination (R^2) shows the relationship to be significant at 15.6%. The null hypothesis is therefore rejected since there is a positive correlation between brand image and performance of insurance firms

Table 5: Regression results for External Brand Communication and Performance of Insurance Firms.

Model summary

Model	R	R Square	Adjusted R Square	Std. Error
1	0.521[a]	0.271	0.265	3.25692

The results in table 5 above indicate that R^2 was 0.271 or 27.1%. This shows that the external brand communication of insurance firms explains 27.1% of the factors that influence performance of insurance firms. Also, the adjusted coefficient of determination revealed that 26.5% of the variance in performance was explained by the regression model. Thus, the R^2 in this regression model points to the fact that external brand communication accounts for 27.1% of performance of insurance firms.

CONCLUSIONS/ RECOMMENDATION

The study is on service branding and performance of insurance firms in Ekiti State. Primary data for the study were sourced from the employees of selected licensed insurance firms in Ekiti State. It was discovered that all the independent variables (brand meaning, brand awareness, brand image and external brand communication) *have* significant relationship with customer loyalty. This is a pointer to the fact that those insurance firms who are doing well in Ekiti State are well known for service branding. By extension, these category of insurance are also doing well in terms of customer satisfaction, growth and return on investment. Based on the foregoing, the study concludes that service branding enhances performance in the insurance sector of the economy.
Consequently, the study recommends that Strong policies on service branding should be put in place by insurance firms so as to improve profitability, return on investment and market share. More so, insurance firms must make deliberate efforts paying special attention to building a good brand name and at the same time communicate their brands to the external and remote environment. Furthermore, insurance companies should create brand image that is capable of creating positive mental images about the insurance brand.

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