THE EFFECT OF MERGERS AND ACQUISITIONS ON BRAND EQUITY OF UAP OLD MUTUAL KENYA LIMITED

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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This project has Been Submitted for Examination with My Approval as the student University Supervisor

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DEDICATION

This project is dedicated to my beloved husband Mr. Wycliffe Omondi, Daughter Tiffany Ambogo and Son Trevan Omondi who have been my source of support during my MSC program.

ABBREVIATIONS AND ACRONYMS

IRA- Insurance Regulatory Authority

M&A- Mergers & Acquisition

AKI- Association of Kenya Insurers

EAC- East Africa Community

BCG- Boston Consulting Group

CBBE- Customer based Brand equity CBBE

EF- Efficiency Theory

BF- Brute Force

CMA- Capital markets Authority

CAK - Competition Authority of Kenya

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ABSTRACT

The number of Mergers &Acquisitions in Insurance sector has increased in Kenya and the whole of East Africa. Every M & A provokes branding decision, the objective of this study was to determine the Mergers and acquisitions and their influence on brand equity of insurance institution in the Kenya Market, case of UAP Old Mutual group. The study was anchored on the efficiency theory which sights mergers as effective tool to gain benefits of synergy, and the Brand Equity theory that advocates that in for a strong brand to be brought into existence, customers must be shaped on how to perceive the company product. This was a case study since the unit of analysis was a single entity, that had five respondents from top level management, where managers in departments notably; marketing, strategy and development, corporate communication, under writing, and customer relations were interviewed for the study. This researcher utilized primary data, which was collected using an interview guide, the data was then analyzed using content since the data collected was qualitative in nature. The results in this study shows that, market share shift was evident driven largely by customer activity post-merger. The study found that positive implementation of merger deals characterized by proper communication of the details regarding any operational changes wielded a significant influence on customer perception on the company. Merger deal welcomed operational cooperation from two brands, core customers from both companies are vital in measuring attributes such as brand awareness, brand loyalty, perceived quality and brand association.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Companies do not think of means of survival during the period when they are making profits, but when the down turn takes over this call for companies to focus on Mergers and Acquistions in order to survive. In today's era Companies have discovered M & A strategies as the best tool for improving the performance through efficiency gains. The reasoning that two is better than one is the critical reason behind merger and acquisition in most corporates. They believe that merging or acquisition would boost the performance better that when a single entity is involved. Kernal (2011) states that companies will continue to pursue strategic insurance acquisition to grow their product portfolio, improve customer experience and expand their digital capabilities which will enable them to penetrate in the new territorial markets.

Every Merger and Acquisitions provokes a branding decision. There is a struggle for the integration of both tangible and intangible resources by corporates after M& A. Lambkin and Muzelec (2010) states that upon merging of different corporates as one entity, brand problems develop in regard to the identity of the brand. Fore instance the new name after the M & A and the settlement of differing company cultures. Branding decisions are incorporated to control the merged corporates brands and come up with a new vision for the combined entity, and most importantly signal to the involved stakeholders positively Ettenson & Knowles (2006)

This study was anchored on the efficiency theory as advanced by Depamphilis, (2010) which sights mergers as effective tool to gain benefits of synergy, and the Brand Equity theory by Keller (2013) that advocates that in for a strong brand to be brought into existence, customers must be shaped on how to perceive the company product. Insurance Companies are part of the engine of the economic growth and development in Kenya. M & A have stood out as the tool for many corporates to advance strategically by enhancing the current capabilities or venturing in new activities (R.Odek 2019) .According to IRA report (2015), in 2014 alone, the Kenya insurance market experienced 6 transactions relating M & A as below; Saham Group of Morocco bought a major share of 66.7% in Mercantile Insurance Company Ltd in April 2014, Union Insurance from Mauritius bought a major share of 66% in Phoenix insurance of East Africa Company Ltd in May 2014, Prudential Plc, UK acquired all the stake in Shield Assurance Company Ltd in September 2014, Metropolitan Insurance Group from S. Africa bought a major stake in Cannon Assurance Ltd in November 2014, 60% stake in Resolution Insurance Company Ltd was acquired by Private equity firm Leap Frog Investments in November 2014 and Britam Investment Group acquired Real Insurance Company Ltd.

1.1.1 Merger and Acquisitions

Mergers refers to strategic agreements involving two or more corporates where the parties involved are focused on enhancing their competencies as a result of combining their resources with a commitment to reach an agreed goal Gupta & Banerjee, (2017). Lepsa and Chandra (2016) states that a merger involves the combining of two or more different corporates interests into a new entity while acquisition refers to the takeover of one company by another by purchasing its resources. The act of modifying the usual business environment and new competitions has led to the existence of new opportunities and threats for modern-day firms. One of the strategies that most companies adopts to gain competitive advantage is through M & As Mishra & Chandra, (2012). Merger and acquisition are in some cases used interchangeably to refer to the act of joining two or more corporates to form one entity Gowrisankaran et al (2004).

Maarten (2016) alludes that M & A is acritical strategic option upon whose intergration, corporates can take advantage of it to acquire competitive advantage in the marketplace This enhances the company's market share, broadened customer base, access to new innovations, distribution channels and products. M & A incorporates several activities of different corporates assets control and stake acquisition. However, there exist various distinct drives for M & A in the corporate world, which represent the final change for a business. M & A are not easy to perform but they are necessary for the survival of corporates. Evans (2017) Bower (2001) alluded that most M & A don't succeed. He alluded that there exists a borderless written deal about M & A, although these writings are in most cases regarded as just opinions which general rules cannot be determined in a reliable manner.

1.1.2 Brand Equity

Brand equity refers to the value brought about by establishing a customer's preference of a company's brand. Keller (2013) alludes that brand equity attaches the customer's feelings and actions to a particular brand. Aaker (1991) refers brand equity as set of combination of benefits and liabilities which can be categorized into five dimensions; brand awareness, brand affiliations, perceived quality, brand loyalty and other restrictive resources. He further clarifies that Brand Equity as suggestions on the costs and benefits of the brand in the commercial center and helps market capitalization of the organization claiming that brand. Solid brand value assists with improving the showcasing of a firm. Brand value might be evaluated from three points of view: client outlook, item market results and financial market results.

Brands are unpredictable, yet they rest in the psyches of clients as a premise on which to relate to an item, quality and image that is defined Beamish and Ashford (2007). For brands to keep up high brand value and be the favoured selection of shoppers, it is significant that it remains in line with how the brand is seen by its client base. B.E serves the company long term interest and capabilities by generating an added value for products.

1.1.3 Insurance Firms in Kenya

The insurance market in Kenya is regulated by the Insurance Regulatory Authority (IRA), the global insurance industry gained momentum in 2014.According to the Insurance Regulatory Authority (IRA) annual report of February 2020, the Kenyan Insurance Industry comprises 61 operating insurance companies permitted to provide long term cover, medical covers, general insurance, micro insurance, and miscellaneous products. In the notice signed by Godfrey K. Kiptum, commissioner of insurance, there are 22 medical insurance companies, 131 licensed insurance brokers, 100 motor assessors, 13 re-insurance brokers and 8 risks managers licensed to undertake insurance related business in 2020.

According to IRA annual report 2018, Kenya remains the largest insurance market within the East Africa Community (EAC). The report further notes that in Africa, the Kenyan insurance market is leading as the fastest growing market, however there exist drawbacks which require intervention of stakeholders in the industry. These drawbacks include terrorism threats, sabotage and incapacitation to underwrite huge infrastructure undertakings such as the Old & Gas and LAPSET which have presently sought insurance outside the country. As a response to these challenges, the Authority has continued to focus on putting in place measures that aim at strengthening underwriting capacity locally. Several measures have been taken to spur. This is projected to bring about regional investors to boost the local investments.

The IRA annual report 2014 further noted that the insurance industry has also witnessed increased activities in M & As with Old Mutual Group acquiring UAP Holdings Metropolitan Group acquiring Cannon Assurance, Britam acquiring Real Insurance and Pan Africa Holdings acquiring Gateway Insurance. Its further states that the acquisitions signify a chance to create synergy and leverage on innovations to improve long term income development and profitability for the insurance sector. With proposition in the 2015/2016 National Budget Statement to expand the settled up funding to KES 400 million for longterm insurers, KES 600 million for general insurers and KES 1 billion for reinsurers, it is normal that this will additionally upgrade industry strength particularly as the Authority executes risk based management. (IRA Annual report 2015) The Oxford Group report 2015 clarifies that solid M&A is normal in the insurance business in Kenya which will see a series of union in the year, as administrators in the fast growing sector look to build piece of the pie as well as meet higher capital prerequisites. this sector has seen fast development over the previous decade, with composed expenses arriving at compound yearly development rates (CAGR) of 15.1% somewhere in the range of 2004 and 2014. Some in-house gauges put development in the non-life fragment at 20% per annum, while the medical insurance is driving the extension with a 38% development a year. Notwithstanding this quick development insurance entrance remain moderately low at 3.4%.

1.1.4 UAP OLD Mutual Kenya Company Ltd

Old Mutual attained a majority stake of 60.7 per cent in UAP for Sh25.6 billion in July 2015, the two insurance firms have been operating in similar businesses in life insurance and asset management as they work out the complex merger process. (IRA Annual report 2015) The merger offers Sim less financial services across banking, general insurance, health insurance, life assurance, asset management, unit trust, property investment, and stock brokerage to their customers. A majority stake in UAP, combined with the existing Old Mutual businesses in Kenya, has provided the group with the scale and product breadth to capitalise on the significant growth. Old Mutual brought on board global connections and expertise, infrastructure as well as access to financial resources that has enabled UAP to compete effectively in the insurance industry across East Africa.

1.2 Research Problem

The objectives of Merger and acquisition are for organization growth, to enjoy economies of scale, brand Image, eliminating competition, synergy effect, incentives to manager diversification, tax benefits, market share, market power, security among others. Companies have discovered M & A strategies as the best tool for improving the performance through efficiency gains, by gaining profits through competitive advantage and safeguarding from the risks. M. Ngahu (2016) However, in order to enhance brand equity for the maximization of consumer synegy from M & A, marketers should inconspicuously care about the paths from product functionality, customer service brand awareness to perceived brand value. Awan, Ho & Khan (2017)

Insurance Companies are no different. The number of M&A in Insurance sector has boost up in Kenya and the whole of East Africa. The IRA (2014) report explains that the Insurance companies have been on an acquisition spree to broaden revenue sources and consolidate their market share. Regional reinsurers also consider joining efforts to capacitate them to sophisticated risks like those in oil and gas, engineering and terrorism. Statistically, foreign reinsurance companies dominate over half of Africa's life and non-life insurance market. A wave of M & A in the insurance industry is expected to continue as firms rush to beat a solvency requirement deadline. Okwiri (2019)

The adaptation of Merger and acquisition has become a debatable issue in handling company's problem. A study by R. Odek (2019) on the M & A of the Commercial banking Industry in Kenya found out that indeed there is a great effect of M & A on Brand Equity, in any case, it takes long-lasting to completely understand the advantages of merger. In this way, there is a need to comprehend the drawn out exhibition of firms after mergers to know whether mergers lead to proficiency gains as collaborations. Lee et al. (2011) examined the impact of apparent incentive because of the merger of a brand. They derived from their work that, if a low-picture brand converged with a high-picture brand, the apparent estimation of the low-picture brand would go up. Rios and Riquelme (2008) demonstrated that brand mindfulness/brand acknowledgment is a significant wellspring of brand value and that brand mindfulness/acknowledgment adds to mark value legitimately and by implication in impacting clients. Their examination appeared, nonetheless, that the effect of such a relationship is not as much as that of trust and dependability

A review of empirical literature has identified knowledge gaps that this study will seek to address. Most of the studies were conducted in different contexts and this implies that their findings cannot be generalized to apply in the present study. Other studies were conducted using a case analysis, while the present study will use a survey method. Many studies have been done M & A effect on banking industry performance and just a few on Insurance companies. There is change in brand Equity and post-merger activity in the Kenyan Insurance Companies. Therefore, this study aims at bridging the existing gaps by answering the following question: What is the impact of merger and acquisition on brand equity of the insurance companies in Kenya?

1.3 Objective of the Study

The objective of this study is to determine the Mergers & Acquisitions and their influence on brand equity of insurance institution in the Kenya Market.

1.4 Value of Study

This study will contribute to the bank of knowledge of M & A that already exists in this field which will refine and shape better thoughts into the future about this topic and more so in a localized context on the Impact of M & A on Brand Equity. The findings will further enrich the theoretical foundations by highlighting key variables that will fully explain the existing relationships on mergers, acquisitions and brand equity by providing other scholars and academicians with a basis for further research on the study subject more so on the Efficiency theory and Brand Equity theory which have not been thoroughly interrogated and studied together.

To the Insurance Companies as a whole, the study recommendations will also help the managers in decision making while planning while they review and implement the existing merger and acquisition with the ultimate outcome of improving the brand equity. The management of the Insurance companies will benefit from the information. The portfolio benefits of M & As to the stakeholders of the merged companies comes with costs. It's therefore imperative for the company's stakeholders to understand the net present value of a merger and acquisition project to guide them in a direction of knowledge, on the impact of the process, and the aftermath of the process on what they are likely to expect to happen to the Brand Equity.

This study will be of benefit to the government through the Ministry of Trade in formulating trade policies and regulations to protect the insurance companies, and by formulating appropriate guidelines on M & A to be done in an ethical manner. To the government regulators like the insurance regulatory authority (IRA), capital markets authority (CMA), and Competition Authority of Kenya (CAK), M & As tends to create monopolies or firms with near monopoly power. This study will therefore be useful to the regulators to understand the consequences of their approval of certain deals that involve M & As. It will also benefit the policy makers by providing insights as to the role of M & As on the brand equity of the Insurance Companies in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter review empirical literature on the impact of merger and acquisition on brand equity. It will also illustrate how the key theories anchor this study. It will explain the concepts of merger acquisition and brand equity.

2.2 Theoretical Foundation

This study will be anchored on two theories, namely the efficiency theory by Depamphilis (2010) and the Brand Equity theory by Keller (2013).

2.2.1 Theory of Efficiency

The theory of efficiency contends that mergers will possibly happen when they are required to create enough feasible cooperative energies to make the arrangement helpful to the two players. Depamphilis, (2010) If the addition in incentive to the objective isn't positive, the objective organizations' proprietors won't sell or submit to the securing, and if the increases are negative to the bidders' proprietors, the bidder won't total the arrangement Jain and Raorane, (2011). In a synergistic merger, the post-merger estimation of the consolidated firms is far a lot higher than the different worth of the pre-merger firms. M. Ngahu (2013) states that when the total of the estimation of the different firms before the merger is not exactly the complete estimation of the new firm after the merger, at that point collaboration is said to have happened.

The hypothesis of productivity keeps up that business solidification happens when there are collaborations to be acknowledged by both the investors of the organizations in the merger or procurement bargain. That is Synergy is available when the consequence of the blended organization esteem is higher than the whole of individual separate organizations before the merger or procurement (Inoti et al., 2014). Yanan et al. (2016) clarifies that administrative inspiration and inclination for M & As is because of the advantages identified with collaborations that are probably going to be acknowledged after the M&As. Be that as it may, this is just conceivable when covering measures underway are dispensed with while both money related and HR are pooled together in a productive and powerful way. This hypothesis is applicable to the current examination given that the investigation should decide the effect of merger and obtaining on brand value of the Insurance Companies in Kenya.

2.2.2 Theory of Brand Equity

Customer based Brand equity (CBBE) is utilized to elaborate how the success of a brand can be directly linked to the attitude of a customer towards as brand Keller (2013). This model recognises the importance of a company delivering branding at every touch point along the customer's journey to ensure recognition. Aaker (1991) sees brand Equity as a mixture of brand awareness, brand associations perceived quality, brand loyalty and Patent IP and trading partners, he further states that the most successful brands are those that drives recognition. Data can be assembled at different phases of marketing to illuminate and build client brand awareness. Prof. Ravi Dhar (2013) referenced that promoting directors go through 70 hours seven days pondering whatever item they are advertising; however, the customer is going through seven seconds. The Insurance Industry is such a competitive industry having brands that are preferred amongst consumers which is Significant to competitors. Brands are said to have high brand equity when they are more preferred by the consumers and there is a consensus in the scholarly community that strong brands have high brand equity.

Yoo and Donthu (2001) from Aaker idea of Brand Equity built up a multidimensionality brand value scale known as buyer based brand value scale, to offer some benefit 'to the firm by upgrading proficiency and adequacy of showcasing projects, costs and benefits, brand augmentations, exchange influence and upper hand. They consolidated brand affiliation and mindfulness into one gathering and zeroed in on three of benefits; brand mindfulness/affiliations, seen quality and brand faithfulness. The predecessors of brand value are brand disposition and brand picture, and the results of brand value are viewed as brand inclination and buy goals Liu (2006). Planning the benefits of brand value, makes it conceivable to decide if a few parts of brand value are believed to be a higher priority than others for the shopper, or if a brand is slacking in one or numerous measurements. In any case, so far little exploration has been done on how brand value is contained in the Insurance business. (Andreas et al, 2012) This theory is relevant to the current study given that the study ought to determine the impact of merger and acquisition on brand equity of the Insurance Companies in Kenya.

2.3 Merger and Acquisition

At least two organizations meet up to makes another substance in Merger, this blend of at least two organizations that structure a solitary element. In an obtaining one organization purchases another, which includes the acquisition of a value stake in an organization. In this specific circumstance, the cardinal condition follows that one in addition to one is more noteworthy than two, the reason being the upsides of arranging will prompt worth creation for all partners M. Ngahu (2013)A merger may also lead to the improvement of the marketing and management capabilities of the firm and allow for innovation that will deliver new range of products to the firm Poposki, (2007)

Different authors have talked about five main types of Merger and acquisition, i.e. Horizonal, Vertical Merger, backward or upstream vertical, forward downstream vertical Integration and lastly Conglomerate Mergers

2.3.1 Horizontal Mergers

A horizontal merger refers to the joining more than one companies operating under the same field and in the same stage of obtaining commodities or service R. S. Khemani and D. M. Shapiro (1993) It combines the immediate business rivals. This kind of merger is focused on eliminating the competitor company, coming up with a more profitable firm in order to increase the market share.

2.3.2 Vertical Mergers

A vertical merger is a merger wherein one firms supplies its items to the next. A vertical merger brings about the combination of firms that have genuine or potential purchaser dealer connections. The organizations in vertical mergers work at various phases of creation measure where purchaser dealer connection or assembling at various phases of a similar item is conceivable. There are two sorts of vertical mergers. Lole. T. M (2012)

2.3.3 Backward or Upstream Vertical Integration

This is where by the primary motive is focused on propelling the company towards a reliable supplier. This is achieved if a company is acquired by that is involved in supplies of products or services for production.

Dependability can be achieved not only by supply availability but also in terms of maintenance quality and timely delivery. Having convenient admittance to provisions causes organizations to give their own products reliably.

2.3.4 Forward Downstream Vertical Integration

Forward integration is a business strategy where the organization converge with or obtain an organization that offers types of assistance to convey the item to the end client. Duli (2017). This can be with a moderate, merchant or a retailer. They at that point utilize the joined quality of their showcasing capacities.

2.3.5 Conglomerate Mergers

A conglomerate merger happens when disconnected undertakings join. Aggregate mergers bring about joining of firms which contend in various item markets, and which are arranged at various creation phases of the equivalent or comparable items. R. Odek (2019) Neither the items nor the contributions of these combining firms are the equivalent. There are three sorts of combination mergers: Product Extension, Market Extension and in conclusion unadulterated aggregate mergers.

2.4 Mergers Acquisitions and Brand Equity

In every market place there are competitors, with perceived worth and brand image which is critical to the shoppers. Mergers results to the ingestion of one organization which can send shoppers to a contender. For the situation where at least two organizations union and keep just one name and item, you won't really get all the clients from both combined organizations. The organization name you keep may have been the third decision of numerous clients of the brand you shut down, making them start shopping at their previous subsequent option, a residual contender (Edmunds, 2019).

(R. Odek 2019) further states that Merger and acquisitions have impact on the companies that comes together, a wide variety of product line, economies of scale and cost-containment that benefits the businesses which comes down to how the public accepts it. Companies should review the impact of M & A on the brand equity before considering the option of merger.

M & A, have great impact on the warranties, guarantees and other customer service issues. In a case where consumers purchased at one store because of the nearness of the place, they might move to the competitor if the store is closed. Some customers buy from organizations because of the relationship between them and the customer service rep, at the point where these employees are laid off, the customers might not feel the personal connection to the organization. Creating a new website will force consumers to activate new accounts, re-register and create new passwords which will cause the business to lose customers.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides discussions about the research design, population of the study, data collection, as well as data analysis that was be employed in the study.

3.2 Research Design

The study was a causal research that found out the effect of Mergers & Acquisition on Brand Equity of merged firms in the insurance industry in Kenya, the case of UAP Old Mutual Limited Kenya. The unit of analysis was a single entity making it a case study. Case Studies are used to analyse a phenomenon as well as to generate hypothesis, which has been advised as the best designs when the researcher is interested in gaining in depth knowledge of the subject matter (Cooper & Schindler, 1998).

3.3 Population of the Study

Mugenda and Mugenda (2003) states that a population is an aggregate gathering of people, occasions or objects that an investigation centers around and has perceptible characteristics. Denscombe (2014) declares that population as a well-defined set of individuals, administrations, components, and occasions, group of things or family units that are being researched. The study had five respondents from top level management, where managers in departments notably; marketing, strategy and development, corporate communication, under writing, and customer relations were interviewed for the study

3.4 Data Collection

This study utilized primary data, which was collected using an interview guide. The data was obtained from top management. The study period was divided into two parts;

premerger/acquisition period and the post-merger/acquisition period, which necessitated the researcher to compare the company brand equity performance between the pre-merger/acquisition period and the post-merger/ acquisition period to conclude M&A had any effect on the Brand Equity.

3.5 Data Analysis

The study used content analysis in data analysis since the data collected was qualitative in nature. Content analysis helps in augmenting the quality of the organizational research by considering the doles of the small- sample research, the large sample research or both. Content analysis is a modest method to explore the concerned aspect that allows the researcher to gauge the scopes of designs in the data, in addition to understanding the links between patterns. This aids researchers in studying, developing and extending knowledge on diverse studies.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This section of the study covers the analysis and presentation of data on the effect of mergers and acquisition on brand equity of insurance companies in Kenya. The study employed case study approach where the acquisition deal featuring the takeover of UAP Holdings by Old Mutual Insurance Group forming the center of focus.

4.2 Responses

From the preceding submission the study centered on the case study with acquisition deal by Old Mutual over UAP Holdings forming the center of inquiry. The study employed qualitative techniques which utilized interview guide to seek information on the subject of mergers and acquisition on brand equity of insurance firms. The participants in the study were drawn from top level management, where managers in departments notably; marketing, strategy and development, corporate communication, under writing, and customer relations were interviewed for the study.

4.3 Merger and Acquisition Process Impact on Overall Market Visibility

This interview question intended to evaluate the respondent's perspective on whether the results of an M&A process were measured through increased Market visibility. The respondents were in all in agreement that market changes such as the Old Mutual UAP deal results in a positive market disruption. This outcome is well monitored across the scope of the insurance market as the merger process virtually doubles the market share. There was consistent agreement amongst respondents who supported that an acquisition deal meant doubling the market attributed to existing market share for the two companies.

The element of capacity cooperation resulting to enhanced overall operational productivity as a result of merger and acquisition attracts positive coverage in the insurance market vicinity. The respondents were in agreement on the same, supporting that productivity capacity resulting from two companies joining forces sends a strong signal to the market which takes note. All activity that attracts market attention is highly regarded in boosting market visibility. The respondents also explained that successful completion of the merger and acquisition process is a major milestone as it demonstrates compliance to legal business cooperation procedures. Such outcome boosts confidence on the company in aspect of its commitment to business regulations thus attracting positive publicity from the market which boosts visibility.

4.4 The Acquisition of UAP on Increased Demand for Insurance Services

The purpose of this question was to assess the immediate outcome of the merger and acquisition deal on the market frontier. Submissions from the respondents largely pointed to the immediate shift in market strength for the Old Mutual Group in terms of overall market foothold. Increased market share was a positive factor in business growth drawn by the fact that bigger market accounts for an increase in the size of its customer base. Equally the respondents were in agreement that, merging of the two companies expanded the operational portfolio in terms of insurance products. A bigger portfolio attracted more customers across the broad set of insurance products. The respondents also noted that a broader product portfolio was crucial in guaranteeing proportionate increase in customer volume and demand for insurance services in the long-term.

The respondents also expressed confidence in the acquisition deal on the aspect of growing the financial capital base. Capacity to pursue a merger deal demonstrated Old Mutual ability to undertake capital injection in effort to grow its business scope. The respondents agreed that demonstration of financial capacity to pursue business expansion positively reflects on the market as traditional insurance customers values such initiatives. Similarly, respondents expressed agreement that insurance customers valued trust in companies that demonstrated financial strength as it was a critical indicator of stability and operational longevity. This finding show that customers will always be committed to buying insurance policies if certain that whenever they submit claims it will be swiftly attended to.

4.5 Customer Activity Post-Merger Phase

This question sought respondent's insight into the reactions they noted from their customers after the conclusion of the merger deal. The respondents reported that there was no sudden spike in terms of overall claims or purchase of policies by the customers. The respondents however agreed that the deal resulted in boosting customer's confidence in the firm by increased levels of commitment towards timely remittance of insurance premiums. This trend is greatly useful in solidifying competitive edge and maintaining the existing customer base. Favorable view by existing customers demonstrated by their willingness to extend their insurance subscriptions was critical in growing the market.

The common view that was noted amongst the respondents was the agreement that the long-term success of the merger was largely hinged on the customer activity. Expanding presence in the market supported by an increased market share was viewed as a major objective by the managers on its influence in growing the business. The respondents agreed that driving positive customer activity was subjective to the growth strategy post-merger.

Developing a growth strategy focusing on increasing customer subscription was hinged on attracting new business which meant attracting new customers that have not bought insurance products in the past. The respondents expressed common agreement that successful alignment of business operations amongst Old Mutual and UAP was critical in serving as a spring board to tapping into more customers. The role of building awareness on the value of insurance products was seen as the biggest driver in boosting customer activity. Also, respondents were in agreement that brand status was vital in customer attraction.

4.6 Framework for Merger on Sustaining Market Share

The interview question looks into the strategies that have been put in place to ensure that the customers at both insurance companies are maintained. The respondents stated the importance of coordinate customer relationships as well as implementation of customer interfaces that will encourage development of relationships between the customers and the acquirer. Respondents also agreed that coordination may not be well received since customers react to acquisitions, however, the respondents expressed that it was important to describe and discuss customer relationship coordination challenges following acquisitions of the two insurance companies with their customers.

Most respondents agreed that providing consistent and efficient services for the customers across both merged companies would grow the number of customer numbers. This objective is important in growing the market share of the Old Mutual and UAP companies. Customer input was also discussed as a major factor that could influence continued customer loyalty to the brand. It was further stated that teams be put in place to evaluate the changes that occur through the customers eyes which enables them to determine the impact of the integration decision on the customers. It was also stated that by implementing that objective, the company will be prioritizing customer experience hence maintaining customer loyalty during the transition.

The respondents also agreed that setting goals for customer retention and making it an integral part of planning for the merging of Old Mutual and UAP insurance companies. This would be vital for the customers since it will encourage establishment of good relationships with the acquirer which could possibly increase customer base. The agreed upon objective by the respondents expressed also involved acceleration of activities post-merger. This factor of customer retention involves continuously coming up with ideas that result into great customer experience has been stated as one that sustains customer loyalty hence growing its market share.

4.7 Value of Combined Strength in Boosting Market Share

The question deals with link between product design and development and increase in market share of the M&A. Respondents were in agreement that the services offered by both UAP and Old Mutual combined are likely to lead to changes in market performance in various ways. It was agreed that combining the best ideas from the two companies such as; combination of knowledge with acquiring company's existing knowledge to create a new system and structure that could benefit the M & A.

The respondents agreed that integration encouraged creation of a common company culture in Research and Development which would therefore likely to have a positive impact on the growth of the market share of the M&A through increased financial performance by creating better services. This highlighted the role of quality in services offered as perceived by the customers with consistency in customer experience being touted as the major driver towards market growth. It was also agreed by the respondents that cost saving was greater since Old Mutual and UAP had a high level of experience in respect to insurance business therefore, possibly boosting the market share through diverse set of experiences. The respondents concurred that integration of product design and development facilitates cost saving where amount of resources and general costs before the merging are reduced .This according to the respondents leads to increased performance hence increased profitability of the companies which results to a positive outcome on its market performance.

4.8 Combined Capacity for Operational Planning on Perceived Quality

The aim of this question was to determine perceived value of the services offered by Old Mutual and UAP when a combined operational planning takes place. It was agreed by respondents that combining costs was going to influence the level of quality for insurance services offered by both companies. According to the respondents, the customers understanding of the strategic direction informing the merging decision was vital in shaping customers view.

Developing a framework for business operation post-merger that facilitated consistency in products quality and customer experience was critical in shaping customer perceptions. According to the respondents the opinion may not be embraced by all the costumers as they may need more reassurance on the results. Respondents also highlight the fact that cooperation between Old Mutual and UAP Holdings post-merger exposed concerns and uncertainties over products quality amongst some of their loyal customers.

The respondents expressed confidence that the quality of the services post-merger would be enhanced as an outcome of shared talent and capacity for innovation, regeneration and exploration of smarter business ideas. The respondents also expressed their view on operational planning as competitive advantage which would ensure that the services offered had an edge over their competitor in aspects of quality, consistency and reliability.

4.9 Product Differentiation Post-Merger to Ensure Continued Customer Satisfaction

This question is meant to respond to the aspect of creating a different product that aligns to the combination of UAP and Old Mutual Insurance companies as a result of the merging. Respondents were in agreement that M&A is meant to create better services that provided better services for its customers. Enhanced quality and customer experience was viewed as critical towards imparting consumer satisfaction. The respondents concurred that customer satisfaction was achievable through the creation of a structure and system that one can arrive at through integration the best practices by both companies in product development and service delivery. This was viewed as a winning strategy towards the creation of a unique product.

Customer orientation is also a factor that has been agreed by respondents to be the basis for company's reasons to pursue a merger deal. Equally, this understanding was critical in ensuring continuity to services familiarity even with intentions to explore prospects for product changes. The respondents also agreed on the importance of the M&A to ensure that they still meet the customer expectations in regard to differentiation of product in terms of pricing and quality.

The respondents also stated the role of performance tracking for their services in effort to identify unmet customer needs hence consolidate their efforts in closing this gap and retaining their customer base. This was important largely because senior managers always explore for opportunities to develop product or service that can beat competition. This was argued as the leading driver for M&A deals as combination of two market players enhanced the likelihood of disrupting the market with a diverse set of differentiated products. The respondents were in agreement that broad set of product diversity wielded a positive effect in boosting customer experience thus realization of customer satisfaction.

4.10 The Role of M&A in Broadening Platform for Value Creation and Customer Experience

This questions looks to find out whether the integration allows Old Mutual to continue offering great insurance services on a bigger platform for its loyal customers. Respondents were positive that the customer base expanded primarily driven by the merger deal. This was buoyed by the existing base of loyal customers from both Old Mutual and UAP Holdings that created a broad customer reach. Market performance after mergers and acquisitions increased due to customer loyalty from both Insurance Companies hence giving Old Mutual a better position in terms of market share. The respondents agreed that a merger opened opportunity for expanding the platform to provide a wide range of services thus positioning it to meet various customer needs in future. This creates a competitive advantage over other companies and also an increased market share for the Old Mutual.

4.11 Accommodation of Customer Input Post-Merger

In this question the researcher seeks to examine whether the customer relationship by either of the insurance companies can be sustained with the changes that occur post-merger. The respondents stated that it was paramount for the companies to seek their customer’s insight before making any form of identity or operational changes. The respondents also agreed that fast integration decisions relating to services offered and the pricing policies should be made faster, to reduce the level of uncertainty among the customers attributed to the merger deal.

Respondents shared a common agreement that communicating and listening to their customers needed to be prioritized. In addition, the respondents agreed that for a list of expected operational adjustments that were to follow a merger deal, it was necessary to conduct timely and consistent communication to the respondents. The prospect of integration orientation was identified as valid, where awareness campaign is specifically designed to teach and explain to customer what aspects of business identity, colors and logos that may change in line with the merger deal. The respondents agreed that customer loyalty is significantly enhanced through sharing critical operational information. Taking the initiative to constantly inform customers on important business changes deepened company-customer association thus equally reflecting on enhanced loyalty.

4.12 Discussion

The study sought to evaluate the effect of mergers and acquisitions on the brand equity of insurance companies. The results gained in this study shows that, market share shift was evident driven largely by customer activity post-merger. Overall increase in the market share was touted as the main gain drawn from the merger deal as it wielded an impact on the performance of financial portfolio. This finding was in line with conclusions by Irungu (2017) who found that merger deals were positive for the financial front. However, the desire of this study inquiry was in regard to brand equity which was reflected in customer activity. The study found that positive implementation of merger deals characterized by proper communication of the details regarding any operational changes wielded a significant influence on customer perception on the company. This finding was consistent with Mitema (2014) who found that success of merger deals within the insurance companies was measured in regard to value created. Value and brand equity were found to be factors which explained customer reaction. Merger deal welcomed operational cooperation from two brands. Core customers from both companies are vital in measuring attributes such as brand awareness, perceived quality and brand association. The findings were consistent with submissions by Dash (2018) who noted that incremental value of insurance brands post-merger was at the mercy of its core customers. The role of customers in driving the post-merger process was found to be critical thus informing the design of strategic approach to operational planning, product development and quality assurance of new services developed.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section summarizes the entire project. It provides a clear draws on the summary, conclusion and recommendations on the influence of mergers and acquisitions on brand equity of insurance companies in Kenya. The summary discusses the key findings of this study on role of mergers and acquisitions in shaping insurance firms brand value from customer's perspective. Conclusions and recommendations submits the closing arguments for the study on the way forward for insurance companies towards pursing mergers and acquisitions without derailing the brand equity of insurance businesses in Kenya.

5.2 Summary

The purpose of this study was to determine whether merger and acquisition deals wielded any significant effect on the brand equity for insurance companies. The results show that indeed merger and acquisition deals heavily impacted the market ecosystem which ultimately impacted on the attributes of brand equity. The study identifies numerous aspects of positive brand perception drawn to the communication of the M&A deal. These include; expectation for shared capacity, information on capital injection on boosting business operations and customer centric growth strategy in the post-merger phase.

On the element of expectation for shared capacity the study established that market reaction followed the existing company dynamics in regard to product range and business portfolio. The study established that, incremental value in regard to market share was first measure of success post-merger. This was attributed to the existing base of loyal customers drawn from both companies willing to stick with the company through the process of merging with expectations for continuity in every aspect of services quality, punctuality and reliability.

In addition, respondents submitted that capital investment directed towards M&A deals demonstrated investment capability and growth ambition. These attributes were found to positively influence customer association with the company with expectation of enhanced levels of service delivery in the long-term. Positive customer association boosted all factors for brand awareness and perceived value, which impacts positively on customer base expansion. Increased customer base translates to increased demand for insurance services hence achieving growth in the long-term post-merger phase.

Further, the respondents hailed capacity sharing in operational planning and business development processes as critical factors for success post-merger in driving customer interest. Shared capacity is viewed as depth in the value of intellectual portfolio accrued when Old Mutual joined forces to boost their market presence with a diverse portfolio of insurance services. The study established that M&A deals created a platform in which companies can effectively utilize its capacities in product development, research, innovation and quality control to ensure continuity in offering quality services. This approach was vital in maintain and growing the market share.

The study also established that customer communication in the pre-merger and post-merger phases was critical towards maintaining the market share. Timely dispensation of information relating to the impending administrative changes attributed to the merger will prepare customers well. Effective communication should involve communication channels directly to the core customer base and gain their opinions regarding the changes. Creation of such kind of communication channels with critical customer groups boosts aspects such as customer appreciation and connection. The study found that, in turn the customers reacted equally with continued loyalty for the company that valued them.

5.3 Conclusion

The study concludes that the results of mergers and acquisitions deals within the Kenyan insurance sector are hinged on the actual process execution which in turn influences market reaction. This shows that the model of execution and implementation wielded an effect on the customer's reaction. All aspects of brand equity are based on the customer perception on the market situation. As such the study concludes that employing structured process for execution of merger deals was necessary to gain favorable market reaction that maintained the status quo in regard to the brand equity of players in the merger deal. Also, the study concludes that concerted efforts demonstrating continuity and operational flexibility influenced the market reaction post-merger and in the long-term of business operation.

The study concludes that customer connection to the insurance firms was largely based on the nature of service subscriptions. Guaranteed continuity to the level of service quality wielded the strongest influence on the consumer perception and commitment to the company. As such, all administrative activities between pre-merger and post-merger phases should be undertaken in parallel to the operational processes for delivery of services to the customers. Progressive and parallel transformations were found to positively impact the market reaction. This approach enables optimal continuity during the transition period without compromising on the brand status within the purview of its core customers.

The study concludes that communication and customer relations in the implementation of the merger phase were critical factor in preventing negative factor. Important administrative information relating to business operations should also be timely conveyed to the customers with sufficient details on the future direction. The study concludes that creation of communication channels directly with consumers boosted the aspects of business-customer association, which influenced customer affiliation and loyalty. Communication was also found to be critical avenue in which company management was able to allay any customer worries in regard to the continuity of services in light of impending administrative changes.

5.4 Recommendations

The study makes the following recommendations;

Administrative procedures for the M&A deal be conducted in parallel to business operational processes to ensure continuity and stability in the delivery of insurance services during the period of transition.

Optimization of market reaction by timely releasing of information touting the strength of the merger deal to the media thus commanding maximum attention within the insurance sector.

Setting the merger deal to tap into the existing customer base and use it as a spring board for future expansion under the new operational framework in post-merger period.

The need to retain all the services that are offered by both companies entering into a merger deal in order to boost customer confidence on business continuity. Future changes relating to product design should pursue incremental value for the existing services thus growing the customer pool for same product portfolio.

The need to seek customer insight on what changes they would like to see in the post-merger period. Data gained from customer feedback and participation should form basis of development of new set of products that will have immediate demand within the market as they would be perceived to meet customer expectations.

Prioritization of communication to customers with clear details on merger deal and the expected restructuring that would instil administrative transformation within the company. Such communication should reiterate the continuity in operational and services delivery in regard to identity of the company which the customers relate to.

5.5 Area for Further Research

The current study sought to evaluate the impact of mergers and acquisitions on brand equity of insurance firms. The study employed case study approach centered on an acquisition deal for major insurance players. The researcher recommends future scholars to expand this evaluation towards; assessing the quantitative impact of mergers and acquisitions on independent factors for such as brand loyalty, brand awareness, brand association and perceived value. The researcher also recommends for future study on the strategies for boosting brand equity for failing insurance companies post-merger. Finally, the researcher suggests future scholars to explore on workable strategies that can be used to align business and operational processes for insurance companies post-merger.

5.6 Limitations of the Study

Limitation of the study was that the study provides little basis for generalization of the results to the wider population, it was carried out in the UAP OLD MUTUAL headquarters.

Managers at the branch level and other countries were not contacted and therefore their input in this study might have given different view.

The case study method still offers the possibility of errors, each person has an insensible preference that influences their behaviors and choices.

The outcomes using Content Analysis method in data analysis are restricted to the broad meanings existing in the data. Besides, this approach generally depends on reliability, thus in order to validate reliability, the documented results have to be compatible with the interpretation.

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APPENDICES

Appendix I: Cover Letter

I am **Christine Ajwang' Omolo**, a final year Masters of Science in marketing student at The University of Nairobi. As a requirement of my master's program, I am undertaking a research study titled "**The effect of Mergers & Acquisitions on Brand Equity of Insurance Companies in Kenya: The Case of Old Mutual and UAP Holdings".**

I graciously seek your time and knowledge to assist me gather information on the subject above by extending an invitation to you for an interview with me. Your responses will be treated in the most confidential manner. Thank you in advance for your co-operation.

Yours Faithfully,

Christine Omolo

Appendix II: Interview Guide

i) Has the merger and acquisition process impacted in the overall market visibility for the firm in the Kenyan Insurance Market?

ii) Has the acquisition of UAP holdings increased the volume of demand for diverse categories of insurance services?

iii) How would you describe the customer activity post-merger in aspects of claims, booked business and continued loyalty to your firm?

iv) How does the framework for merger and acquisition sustain the effort to translate the existing customer base for both Old Mutual and UAP into a strong market share in the Kenyan Insurance Market?

v) How does the value of combined strengths in product design and development attributed to M&A likely to boost the firm’s market share in future?

vi) Do you think the combined capacity for operational planning post-merger influence the product quality in the eyes of your customers?

vii) How does the company approach the aspect of product differentiation post-merger to ensure continued customer satisfaction?

viii) Has the M&A process created a broader platform to boosts the Old Mutual efforts towards offering consistent value for insurance services thus continuously accrue positive customer experience?

ix) How will the company accommodate customer’s perspectives and maintain them in relation to possible changes in company brand attributes such as logo, colors and name during the post-merger period?