A SURVEY OF CREATION AND APPLICATION OF BRAND EQUITY BY INSURANCE COMPANIES IN KENYA

BY

KAMIRI J.K.

D61/P/ 8113/02

SUPERVISOR: TOM MUTUGU

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

FEBRUARY, 2007

DECLARATION

I declare that, this project proposal is my own original work and has not been presented for award of any degree in any university.

Signed: ___________________________ _________________

Kamiri J. K. D61/P/8113/02 Date

This research has been submitted for examination with my approval as the University supervisor.

Name of Supervisor: Mr. Tom Mutugu

Signature: __________________________ _________________

Mr. Tom Mutugu Date

ACKNOWLEDGMENT

First and foremost I would like to appreciate the works of all those who participated in one way or another towards the completion of the research proposal.

Much thanks goes to our project supervisor Mr. Tom Mutugu for his personal guidance during the period of preparing and writing the report. His professional advice has been of great help to us.

I also thank my family for the support they game during the studies and all the well wishers for their continued support and contribution during the period of preparing the project. God bless them.

DEDICATION

To my dear wife Loise Njeri Kariuki, my two beloved daughters Hellen Wangari and Violet Wanjiru and my son Victor Kamiri.

ABSTRACT

In the forty years since independence, Kenya's insurance industry has flourished, and by 2005 had 42 registered insurers, 21 transacting general insurance business, 6 transacting life and general insurances while 15 were composite. There were 205 licensed insurance brokers during the year. Kenya's insurance industry leads within the East African Community (a trading block of Kenya, Uganda and Tanzania), and is a key player in the economy.

Branding helps to strengthen a company's products. Branding in a way distinguishes a company's product from those of the competitors. It is useful for insurance companies to brand their services to ensure that they capture customer loyalty and also maintain customers.

The objective of this study was to determine how brand equity is created and applied in by insurance companies in Kenya. This was accomplished through a research that was carried out among insurance companies in Kenya. Data was collected mainly using questionnaire method, which was given to people working in insurance companies. The questionnaires contained both structured and open-ended questions.

The main findings of the study were that, brand equity is one of the most important factor to be considered by insurance firms for the potential buyers to be able to recognize their products and be able to differentiate them from those of others. Branding also helps the firms to compete using many properties of a product.
The study concluded that brand equity is one of the most important factors

TABLE OF CONTENTS

DECLARATION I
ACKNOWLEDGMENT II
ABSTRACT IV
TABLE OF CONTENTS V
CHAPTER ONE 1
INTRODUCTION 1
1.1 Background 1
1.1.1 The concept of insurance 3
1.1.2 The role of insurance 4
1.1.3 The insurance industry in Kenya 4
1.2 Statement of the problem 6
1.3 Objectives of the study 7
1.4 Importance of the study 7
CHAPTER TWO 8
LITERATURE REVIEW 8
2.1 Branding 8
2.2 Brand Equity 12
2.2.1 Brand Loyalty 12
2.2.2 Brand Awareness 14
2.2.3 Perceived Quality 14
2.2.4 Brand Associations 16
2.2.5 Other Propriety Brand Assets 17
2.3 Relationship between the brand equity elements and the marketing mix 18
2.4 Integration of the tools of marketing mix in the brand equity structure product 18
2.4.1 Price 19
2.4.2 Promotion 19
2.6 How brand equity is measured 21
2.7 Conceptual framework 22
CHAPTER THREE 24
RESEARCH METHODOLOGY 24
3.1 Research design 24
3.2 The Population 24
3.3 Data collection 24
3.4 Data analysis 25
CHAPTER FOUR 26
DATA ANALYSIS AND INTERPRETATION 26
4.1:Introduction 26
4.2: General information 26
Table 4.2.4 Number of branches in Kenya 27
Table 4.2.5 whether there is a full fledge marketing department 28
4.3 Important factor in creating and application of brand equity 30
4.4 Brand awareness 32
4.6 Brand association 40
4.7 Perceived quality 43
4.8 Other assets 46

CHAPTER FIVE 51
DISCUSSION CONCLUSION AND RECOMMENDATION 51
5.1 Introduction.. 51
5.2 Discussion 51
5.3 Conclusions... 52
5.4 Recommendations... 52
5.5 Limitation of the research 52
5.6 Suggestions for further research 53
REFERENCES 54
APPENDICES 58
APENDIX ONE: LETTER OF INTRODUCTION 58
APPENDIX TWO: QUESTIONAIRE 59
APPENDIX THREE: LIST OF INSURANCE COMPANIES 64

CHAPTER ONE
INTRODUCTION

1.1 Background

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive, Pearce and Robinson (2005). Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies. The days when firms could simply wait for clients to beat a path to their door are long gone. Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves, Kotler (2000). Liberalization and globalization brought a variety of products in the market. Consumers have thus become exposed to many products of all qualities, makes and origin. They therefore seek the best available products to satisfy their specific needs, Mintzberg (1994). With many substitutes, firms must differentiate their products in the eyes of the consumers. This state of events has lead many organizations to rethink about the concept of branding. Marketers today need to work harder to make their brands successfully in the market place, Aaker (1996).

Branding helps firms to compete using many properties of a product. In essence, products mean much more than a tangible thing from the buyers' point of view. A product is generally a promise of cluster of value expectations of which its non-tangible parts are as integral as its tangible parts, Kotler (2000). Both tangible and non-tangible parts must therefore meet customer expectations. Companies must therefore develop style and structure, which recognizes the fact that their most valuable and important assets are their brands which, must be managed properly from all facets, Kotler (2000)

Until 1980, the insurance companies operated in a rather stable environment. However following the issuance of the government directive in 1978, which required all foreign insurance companies to be incorporated in Kenya by 1980 and the introduction of Insurance Act Cap 487, of the laws of Kenya, the industry has since experienced tremendous

challenges. The number of insurance companies has continued to increase. Many new companies sprung up in the 1980s, which exhibited entrepreneurial behaviour, and many more companies were incorporated in the 1990s following the liberalization of the economy. This move has seen the number of registered companies grow from 15 in 1978 to 43 in 2006, Government of Kenya (2005), The commissioner of Insurance Report for 2005. This has intensified competition in the industry. The springing up of many non- insurance companies such as the Health Management Organizations (HMOs) and pension administrative schemes that provide services that traditionally were the domain of insurers have further aggravated competition. The opening up of Tanzania and Uganda markets and the increased emphasis on globalization and regionalism means that the industry now faces greater competition from its neighbours. All these situations are forcing insurance companies to rethink their marketing strategies. One of the marketing tools which can be a very helpful in survival and growth of an insurance company in such an environment is branding.

The American Marketing Association defines a brand as a name, term, sign, symbol or design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors, Journal of Marketing, (January-March 1985). A brand does not have an expiry date. A brand is essentially a seller's promise to deliver a specific set of features, benefits and services consistently to the buyers. The best brands convey a warranty of quality, Kotler (2000). Branding has moved firms from production and selling concepts to marketing concept which necessitate that companies be better than competitors in creating, delivering and communicating customer value to its chosen target markets, Aaker (1996)

Brand equity can be defined as a set of assets (and liabilities) that add to (or subtract from) the value provided by a product or service to a firm and/or the firm's customers, Aaker (1996). Most marketers agree that brand equity is defined in terms of the marketing effects uniquely attributable to the brand. That is, different outcomes result from the marketing of a product or service because of its brand name or some other brand elements as compared to outcome if that same product or service did not have that brand identification.

1.1.1 The concept of insurance

The American Risk and Insurance Association (AIMR) has defined insurance as the pooling of fortuitous losses by transfer of such risk to insurers, who agree to indemnify insured's for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with risk, American Risk and Insurance Association (1979). Part 1 section 2 (1) of the insurance Act, Cap. 487 of the laws of Kenya defines insurance business as the business of undertaking liability by way of insurance (including Reinsurance) in respect of any loss of life and personal injury and any loss or damage, including liability to pay damage or compensation, contingent upon the happening of a specific event. Insurance can also be defined as an economic device whereby the individual substitutes a small certain cost (premium) for a large uncertain financial loss that would exist if it was not for insurance. Insurance can also be seen as the pooling of risk by policy holders with the aim of indemnifying them from unforeseen risk. The primary function of insurance is to act as a risk transfer mechanism. The basic principle of insurance is that the losses of the few are paid by the many. Its underlying purpose is to provide protection against the risk of financial loss thus giving peace of mind to the policy holders, American Risk and Insurance Association (1979).

The concept of insurance has been in existence in many parts of the world for many years. In early Rome, Romans used to gather and contribute funds for burial cost. In Africa, communities like the Kikuyu of Kenya, Susus of Ghana and Ukoob of Ethiopia assisted members of their communities who became victims of natural calamities like funeral, crop failures, floods e.t.c. insurance in its modern form has been practiced in Europe for well over one thousand years with the earliest form being the marine insurance. However, like elsewhere in Africa, insurance in its modern form was unknown in Kenya until the early part of the 20th century. The early European settlers introduced modern insurance in Kenya. In 1992, Royal Exchange Assurance opened a full branch office in Kenya and was followed by the Commercial Union in 1929.

Insurance companies are financial institutions that function in the economy as part of the financial services industry. The financial services industry is made up of banks, building

societies, insurance companies, insurance brokers, pension funds management companies, stockbrokers, real estate companies, savings and credit societies e.t.c. insurance companies have important effects in the performance of Kenya's economy. The Kenya Government and the Association of Kenya Insurers (AKI) believe there is enormous untapped potential for long term insurance, Mwiraria (2006). There are two classes of insurance businesses: general insurance and life insurance.

1.1.2 The role of insurance

Insurance companies continue to play an important role in the development of the economy. According to Irukwu (1975), insurance plays two vital roles. First, insurance act as an economic device which is vital to the survival of other businesses. By accepting to bear the financial loss of the insured persons and institutions, insurance provides stability to individuals, industries and commercial undertakings. Secondly, insurance as a financial institution accumulate funds which they invest in the economy, in government and in privately owned industries. According to Ejiofor (1975), insurance plays a role in teaching and motivating people to save and invest and encouraging responsible family headship and property ownership. Ogunlana (1973) suggests that in addition to the conventional roles, African insurance industry should become one of the vital weapons in war against under development as represented in poverty, disease, illiteracy, unemployment, adverse balance trade and similar economic features prevalent in Africa. The insurance industry has an important role in the economic and social development of any country, among the roles as stated by Kibera (1996) include; risk transfer, creation of common pool, peace of mind and business continuity, loss control, social benefits of pension management and education.

1.1.3 The insurance industry in Kenya

The main players in the Kenyan insurance industry are: insurance companies, reinsurance companies, insurance brokers, insurance agents and finally the risk managers. The statute regulating the industry is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its provisions to strengthen the government regulation under the Ministry of Finance. There is also self regulation by the Association of Kenya Insurers (AKI). The professional body of the industry is the Insurance Institute of

Kenya (IIK), which deals mainly with training and professional education. According to the (AKI) Insurance Industry Report for the year 2005, there were 42 licensed insurance companies in 2005 with 21 companies writing general insurance, 6 writing life insurance while 15 were composite. There were 205 licensed insurance brokers during the year. The gross premium written by the industry was kshs 36.42 billion compared to Kshs 32.78 billion in 2004 representing a growth of 11%. The net premium from general insurance was Kshs 17.11 billion while life business premiums and pensions contributions amounted to Kshs 10.16 billion. The gross profit before tax rose from 2.74 billion in 2004 to 4.85 billion in 2005 representing a growth of 107.5%.

Insurance business can broadly be classified into general and life. Despite this classification the different classes of insurance businesses can be viewed as lines of business along the profit centre concept. According to the KPMG's 2004 Kenya Insurance Survey, the General insurance industry in Kenya is mainly driven by four main lines of business: Motor-Commercial, Fire- Industrial and Engineering, Motor- Private and Personal Accident. The life insurance industry is mainly driven by two main lines of business: Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration. The 2004 Kenya Insurance Survey revealed that the General insurance business is facing two major challenges. The first challenge is to come up with a solution for companies whose viability is threatened by their inability to meet policy holder claims. The second major challenge is how to generate growth for an industry that has significant potential for growing as a percentage of GDP but has been stagnant. In contrast to the General insurance business, the life insurance business enjoyed a real cumulative average growth rate of 8.6 per cent between 2000 and 2004. One serious challenge facing the life insurance is the increasing difficulty of managing the HIV/AIDS. Other challenges facing the insurance industry in Kenya include: structural weaknesses, Kimura (2002). Fraud by both clients and employees, Mutiga (2003), high claims, delays in claim settlement, delayed premium collection, lack of liquidity leading to collapse of some firms, low economic growth, Ikiara (2001), poor governance and industry saturation, Makove, (2002).

1.2 Statement of the problem

In order to beat the increasingly competitive industry, insurance companies are putting their marketing capability to the test. Over the years, insurance companies have designed different types of products; they have tried to distribute their services to different towns in Kenya. Branding is also practiced by the insurance companies in Kenya. A brand is important because it signals to a customer the source of a product and protects both the customer and the producer from competitors who would attempt to provide goods that appear to be identical Aaker (1991). What has remained unknown is: **"How is brand equity created and applied by insurance companies in Kenya?"** In the process of conducting an empirical survey, the author has come across a number of researches done on subjects relating to branding.

Other studies done on brand equity includes the following: Aaker and Biel (1993) conducted a research in Europe to measure brand equity scores for several mineral water brands in five European countries, the study revealed that equity was greatly influenced by how long a brand has been in the market. In the local Kenyan scene, Mbau (2000) sought to investigate the creation and application of brand equity in Kenyan pharmaceutical industry. The study revealed that personal selling is the most important factor in building brand equity in the industry. Advertising and pricing were also considered as important factors in brand building in the industry. Another related study was by Mburu (2001) who sought to determine the important factors in creating quality perception that affect brand choice in the soft drink industry in Nairobi. The study identified information about the brand, the brands uniqueness, brand performance, company commitment to brand, value delivered by the brand as some of the important factors in creating the brands quality perception. Kwena (2002) did a study on the impact of branding on consumer choice: the case of new domestic sugar brands, she found that consumers prefer branded to unbranded products and are willing to pay a premium to get their favourite brand. Hongo (2004) carried out a research to find out the practice of brand extension in the fast moving consumer goods in Kenya, The study revealed that the firms practice brand extensions as a strategy because brand extension enhance parent brand image.

To the best knowledge of the researcher, no study has been done on the subject of how brand equity is created and applied by insurance companies in Kenya. A knowledge gap therefore exists and it is this gap that the researcher seeks to fill through this study.

1.3 Objectives of the study

i. To determine how brand equity is created and applied by insurance companies in Kenya.

1.4 Importance of the study

While this study may be of value to any person interested in branding, it is anticipated that its findings will specifically benefit the following groups of people.

Insurance firms- Will be in a position to utilize the research findings and recommendations from the study to nurture and develop high equity for its brands.

Academicians- the study is expected to contribute to the existing literature in the field of marketing, specifically in brand equity. Future scholars can use this research as a basis for further research in the area of brand equity.

Consumers of insurance products – The study will enlighten consumers and general public and therefore lead to quality in delivery of insurance services to the benefit of clients and the general public.

CHAPTER TWO
LITERATURE REVIEW

2.1 Branding

A brand is a distinguishing name or symbol such as logos, trademarks or package design intended to identify the goods or services of either seller or group of sellers and differentiate those goods or services from those of competitors. A brand thus signals to a customer the source of a product and protects both the customer and the producer from competitors who would attempt to provide goods that appear to be identical Aaker (1991). According to Kapferer (1998), A brand is a product, but one that adds other dimensions to differentiate it in some way from other products designed to satisfy the same needs, it means much more than just giving a brand name and signaling to the outside world that such a product or service has been stamped with the mark and imprint of an organization. The permanent factors of this creative process are what give a brand it's meaning and purpose, its content and attributes, Kapferer (1998). The American Marketers Association defines a brand as a name, term, sign, symbol or design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors, American Marketers Association (1985). Under the trademark law, the seller is granted exclusive rights to the use of the brand name in perpetuity. A brand does not have an expiry date. A brand is essentially a seller's promise to deliver a specific set of features, benefits and services consistently to the buyers. The best brands convey a warranty of quality Kotler (2000). Branding has moved firms from production and selling concepts to marketing concept which necessitate that companies be better than competitors in creating, delivering and communicating customer value to its chosen target markets.

It was relatively easier to create brands before the 80's. During and after the 80's and with everyone trying to create brands in order to differentiate their products, the challenges increased in terms of advertising costs and the number of brands presented to consumers at a given time in a product class or category. Marketers of today need to work harder to make their brands dominant in consumer's minds. With many brands on the market, consumers no longer buy because of price, but because of the bundle of attributes and satisfactions the

brand promises. This makes it imperative for most firms to build their brands so that their consumers can relate to them, Aaker (1991); Kapferer (1998).

Value adding companies have figured out a stronger value offering or benefit bundle to win buyer preference. This could be done by offering customized products, offering more convenience to buyers, giving faster service, or more and better service, coaching, training or consulting, offering extraordinary guarantees, offering membership benefits program and even sometimes offering useful hardware and software tools to their customers Kotler (1999). According to Kotler (2000), a brand can convey up to six meanings for example;

- Attributes – durable, prestigious, well engineered, and expensive.
- Benefits - Functional, emotional and self expressive
- Values - High performance, safety, prestige
- Culture - German culture, organized, efficient, high quality.
- Personality of user - Austere, aggressive, no-nonsense person

Branding is built over time by the company supporting its brand strategy and in everything it does. Therefore all employees must work as ambassadors of the brand and be consistent in how they present the brand, Aaker (1991). Branding means much more than just giving a brand name and signaling to the imprint of an organization. Brands are a direct consequence of the strategy of market segmentation and product differentiation Kapferer, (1998). Thus a brand should have the values both on the outside and also in its qualities that continue to be seen even after the name of logo has been removed. A brand is a long-term vision; firms should ask this question “what would the market lack if we did not exist?” And position their brands accordingly.

Brands protect innovators, granting them momentary exclusiveness and rewarding them for the risk-taking attitude. Thus, the accumulation of these momentary differences over time serves to reveal the meaning and purpose of a brand and to justify its economic functions, hence its premium price. Brands therefore guide a creative process, which yields different products everyday. The permanent factors of this creative process are what give a brand its meaning and purpose, its content and attributes, Kapferer (1998). A brand is a living

memory. Within a given generation, people continue, even twenty years later, to prefer the brands they liked between the ages of seven and eighteen, Guest (1964); Fry et al (1973); Jacob and Chestnut (1978). Therefore the first actions and message of a brand are the ones bound to leave the deepest impression, thereby structuring long-term perception, Kapferer (1998). A brand is a genetic program. It's both a memory and a future of its products. The brand memory that develops contains the program for all future evolution. Products are mute. The brand is what gives them meaning and purpose, telling us how a product should be read. It is both a prism and magnifying glass through which products can be decoded. Brands guide our perception of products, Kapferer (1998). Brands become credible through persistence and repetition. By creating loyalty and satisfaction, the program forces the brand to fulfill the quasi contract that binds it to the market. In return, the market is likely to view the brands pending product favorability from the very start Kapferer (1998). Brand contract requirements include: closely monitoring the needs and expectations of potential buyers through market research, reacting to technical and technological progress as soon as it can create a competitive edge in terms of cost and performance, provide both product (service) volume and quality at the same time since these are the only means of ensuring repeat purchases, control supply, quality and quantity, deliver products (services) to intermediaries (Distributors) consistently over time and in accordance with their requirements in terms of delivery, packaging and overall conditions, give meaning to the brand and communicate its meaning to the target market, thereby using the brand as both a signal and reference for the products (or services) identify and exclusivity. In theory both the brand's slogan and signature are meant to embody the brand contract.

According to Keller (1998), a brand is something that resides in the minds of consumers. It is a perpetual entity, rooted in reality, but also reflecting the perceptions and perhaps even the idiosyncrasies of consumers. To brand a product, it is important to teach consumers *"who"* the product is by giving it a name and using other brand elements to help to identify it as *"what"* the product does and *"why"* consumers should care. Branding involves creating mental structures and helping consumers to organize their knowledge about products in a way that clarifies their decision-making and in the process provide value to the firm. The key to branding is that consumers perceive differences among brands in a product category.

Brand differences may be related to more intangible considerations. The key success factor in branding is that consumers become convinced that all product offerings in the product category were not the same and that meaningful differences exist. This is because if two brands cannot be easily distinguished, it may be difficult for retailers and other channel members to make choices between them, Keller (1998). Firms buy production capacity and in the second instance they want to buy a place in the mind of the consumer. Brands bring goodwill to a firm enabling the firm to cost more than the firm's tangible assets. A brand is a focal point for all the positive and negative impressions created by the buyer over time as he comes into contact with the brands products, distribution channels, personnel and communication. The value of a brand comes from its ability to gain an exclusive, positive and prominent meaning in the minds of a large number of consumers, Kapferer (1998). A brand is a source of value to both consumers and firms, Kapferer (1998); Keller (1999). It is imperative that external indicators highlight the internal qualities. External indicators are price, quality labels, retail outlet, style and design of packaging. The distinctions between three types of products characteristics are: qualities noticed by contact, before buying, qualities uniquely noticed by experience, after buying. Credence qualities, which cannot be verified, even after consumption and which you have to take on trust, Nelson (1970); Darby and Karni (1973). Branding has a lot of advantages.

According to Kapferer (1998), branding also benefits the firm in the following ways: The brand removes risk and financial analysts see firms with strong brands as less risky. The certainty, the guarantee and the removal of the risk are in the price. Future cash flows are considered more certain with strong brands, strong brands benefit from a high degree of loyalty and thus from stability of future sales, he reputation of a brand is a source of demand and lasting attractiveness, the image of superior quality and added value justifying a premium price, a dominant brand is an entry barrier to competitors because it attracts as a reference in its category, if a brand in prestigious or a trendsetter in terms of style, it can generate substantial royalties by granting licenses, the brand can easily enter new markets when it is well known. It acts as a symbol of quality and offers a certain promise, which is valued by the market, then doing brand extensions, strong brands will save on the need to create awareness if you had to launch a new product on each of these markets, strong brands give

firms time to innovate and catch up with competition because the consumers will not easily abandon their favorite brand.

2.2 Brand Equity

Brand equity is a set of assets (and liabilities) that add to (or subtract from) the value provided by a product or service to a firm and/or the firm's customers, Aaker (1996). The major asset categories are: Brand name awareness, Brand loyalty, Perceived quality, Brand associations and other propriety brand assets for competitive advantage, Aaker (1991). The brand equity asset categories show how brand equity generates value. The major asset categories are discussed in the paragraphs below. Below is figure 1 showing the relationship of variables in the study.

2.2.1 Brand Loyalty

This is the measure of attachment that consumer has to a brand, Aaker (1991). Brand loyalty is the degree to which the brand is preferred and selected over its competitors. It is the major benefit of brand equity, Wong (1999). For any business, it is expensive to gain new customers and relatively inexpensive to keep existing ones especially when the existing customers are satisfied with or even like the brand, Aaker (1991). Further, at least some existing customers provide brand exposure and reassurance to new customers. Loyalty of customers' base reduces vulnerability to competitive action. Competitors may be discouraged from spending resources to attract satisfied customers. A higher loyalty also means greater trade leverage, since the customer expects the brand to be always available, Aaker (1991). Brand loyalty may reduce to a minimum as the price difference between a brand and its competitor's brand increases, but the attachment to the brand does not vanish so fast. It resists time Kapferer, (1998). Consumers have varying degrees of loyalty to specific brands, stores and other entities. Buyers can be divided into the following four groups of brand loyalty status;

Hard core loyals- Buy one brand all the time.

Split loyals- Loyal to two or three brands.

Shifting loyals- Shifting from one brand to another

Switchers- Show no loyalty to any brand, Kotler (2000)

A brand loyal market is one with a high percentage of hard-core brand loyal buyers. Entry into a hard-core brand loyal market is very difficult (Kotler, 2000). Loyalty reduces marketing costs, provided trade leverage, provides reassurance to new customers, ensures high profits, is an entry barrier to competitors and provides time for innovation to catch up with competitors. It's also used, as a measure of good will. Loyalty segmentation provides strategic and tactical insights that will assist in building strong brands, Aaker (1996). We can use the groups below to target our communication.

- Non users - Buy competitor brands or are not product class users.
- Price Switchers - Very price sensitive. Always switch to brands that have value for money
- Pervasively loyal - Buy out of habit than reason
- Fence sitters - All indifferent between two or more brands
- The committed - 100% loyal

Strengthening the relationship between the consumer and the brand can enhance loyalty. This can be done by: Increased brand awareness, improve perceived quality, have an effective and a clear brand identity, treat the customers right (know their minds),stay close to customers, manage and measure customer satisfaction, hill gaps in customer's satisfaction list, provide extras, create switching costs and create frequent buyer programs for example customer clubs. If customers are indifferent to a brand and in fact buy, with respect to features, price and convenience with little concern to the brand name, there is likely little equity. If on the other hand they continue to purchase the brand even in the face of competitors with superior features, price and convenience, then substantial value exists in the brands and perhaps in its symbol or slogans, Aaker (1996). Companies can also develop loyal customers through loyalty schemes for example membership clubs. Companies interested in launching a membership programme must think carefully about the benefits to offer, the cost of offering these benefits, the annual membership fee, the minimum number of members needed and the cost of possibly having to terminate the programme. Done well, a club can be a powerful loyalising tool. Done poorly, it could result in heavy cost and embarrassment. Loyalty

schemes will not compensate for offerings where the fundamentals are not right such as poor products or service, Kotler (1999).

2.2.2 Brand Awareness

Brand awareness refers to the brand presence. It is the strength of brands in the consumers' mind, Aaker (1996). In people's minds, it is the degree to which the brand stands out from its competition, Wong (1999). This acts as an anchor to which other associations can be attached. It creates familiarity and hence liking of a product. It signals substance and commitment and consumers have a brand to consider on their minds for purchase. Awareness is measured according to the different ways in which consumers remember a brand ranging from:-

Dominant brand-	The only one recalled
Top of mind-	The first to be recalled
Recall (aided/unaided) -	Brands of products one recalls.
Recognition-	Whether consumer has been exposed to the brand before.

2.2.3 Perceived Quality

This is the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. It is first, a perception by customers and thus differs from several related concepts such as: actual or objective quality, product based quality, manufacturing quality, Aaker (1996). Perceived quality cannot necessarily be objectively determined in part because it is a perception and also because judgments about what is important to customers is involved, Aaker (1996). Customers differ in their personalities, needs and preferences. Perceived quality differs from satisfaction and attitude and it is intangible. However, it is based on underlying dimensions, which include characteristics of products to which the brand is attached such as reliability and performance, Aaker (1996). Perceived quality is the degree to which a brand in uniquely positioned and perceptually differentiated from its competitors, Wong (1999). Consumers often judge quality of a product or service on the basis of a variety of informational cues that they

associate with the product. Some of these were intrinsic to the product or service. Others are extrinsic. Either singly or in composite, such cues provides the basis for perceptions of products and service quality, Schiffman and Kanuk (1997).

Perceived quality is defined relative to an intended purpose and a set of alternatives. The fact that an outlet does not deliver the same level of personal service, quality of merchandise and the same stores ambience does not mean that it will not have perceived quality. It may be judged by a different set of criteria. Perhaps ease of parking, waiting time at checkouts, courtesy of checkout people and whether desired items are in stock, Schiffman and Kanuk (1997). Perceived quality is an intangible overall feeling about a brand. Perceived quality (value) indicates the extent to which the brand meets performance expectations, given its price. It can be measured by considering value for money and the reasons for purchase, De Chernatony and MacDonald (2000). Perceived quality provides value in several ways such as: It is a reason to buy a product, used to differentiate and position products, can be used to charge a premium price, meet channel member interests (Distributors) and for a brand extension, Aaker (1996). Perceived quality is a brand equity asset. It is the overall brand equity that generates value for both the firm and firm's customers by providing them with the choicest brands, Aaker (1996). Perceived quality drives financial performance demonstrated by the following studies:-

Consumers like to believe that they can base their product quality evaluations on extrinsic cues like price, package, outlet, or country of origin because they can justify resulting product decisions. Most often these qualities are not intrinsic when subjected to blind tastes for example consumers most often cannot differentiate various cola beverages, Mburu (2001);McCarthy (1991). On average, a higher price leads to higher relative perceived quality based on brand name and those brand extensions, Jacobson and Aaker (1987), and in the absence of complete information, price is used as a signal of quality, Schiffman and Kanuk (1997). Customers have been shown to develop perceptions of quality based on brand name and that brand extensions can affect quality perceptions when a brand name is attached to different product class. Some of the things used to judge quality are: Conformance with specifications, reliability, durability, serviceability and fit and finish. Achieving high quality

is not enough. Actual quality must be translated into perceived quality, Aaker (1987). In most situations, the most critical dimensions of quality are also the most difficult to judge, Shiffman and Kanuk (1997). Marketers need to give their brands more meaning because most so often consumers interpret brands in a different way from that intended by the marketer. To create perceptions of quality, one needs to ensure that: The quality claim has substance to the consumers, the firm has supportive culture of quality, communicating credibly to the people, the brand is protected from gaining the reputation of shoddy quality from which recovery is difficult and sometimes impossible, the pointers of quality are indicated for example sugar by extra refining and packaging and educating the consumers how to judge quality.

2.2.4 Brand Associations

A brand association is anything "linked in memory to a brand". The underlying value of a brand name is often based upon specific associations linked to it, Aaker (1991). Brand associations can be created by linking the brand to another node or information in memory that conveys meaning to consumers, Keller (1998). Thus MacDonald could be linked to characters such as Ronald MacDonald, a consumer segment such as kids, a feeling such as having fun, a product characteristic such as service, a symbol such as Golden Arches, a lifestyle such as hurried, an object such as a car or an activity such as going to a movie theatre next to a MacDonald's, Aaker (1991). A brand association not only exists but also has a level of strength. A link to the brand will be stronger when it is based on many experiences or exposures to communications rather than few. It will also be stronger when reported by a network of other links for example not just kids in advertisements but links like birthday parties, games, MacDonald Toys, Aaker (1991). Associations bare organized into groups that have meanings for example kids cluster, a service cluster, and a type of food cluster. There might also be more visual images and mental pictures that come to mind when a name is mentioned.

Associations make brands to get identified with an entity, even though this entity may not be directly related to the product or service performance. Consumers may infer that the brand shares associations with that entity thus producing indirect or secondary associations for the

brand. In essence, the marketer is borrowing or leveraging some other associations for the brand to create some associations of its own and thus help to build its brand equity, Keller (1998). Secondary brand associations may be quite important if existing brand associations are deficient in some way. Secondary associations can be leveraged to create strong favourable and unique brand associations such as attitude and credibility, Keller (1998). An association and an image may both represent perception, which may not reflect objective reality. Positioning is closely related to association and image concepts except that it implies a frame of reference, the reference point being the competition, Aaker (1991). A well-positioned brand will have a competitively attractive position supported by strong associations. It will rate high on a desirable attribute scale such as friendly service or occupy a position distinct from that of competitors for example only store offering home delivery. Positioning can also reflect how a company would like to be perceived, Aaker (1991).

2.2.5 Other Propriety Brand Assets

These are patents, trademarks and channel relationships. Brand Assets will be most valuable if they inhibit or prevent competitors from eroding customer base and loyalty. Trademarks will protect brand equity from competitors who might want to confuse customers by using the same name, symbol or package. A patent is strong and relevant to customer choice, can prevent direct competition. A distribution channel can be controlled by a brand because of a history of brand performance, Aaker (1991). To be relevant, assets must be tied to the brand. If a distribution is a basis for brand equity, it needs to be based on brand rather than on the firm. A firm cannot simply access the shelf space by replacing one brand with another. If the value of a patent could easily be transferred to another brand name, its contribution to brand equity would be low. Similarly, if a set of store locations could be exploited using another brand name, they would not contribute to brand equity, Aaker (1991). The other propriety brand assets should be distinct and not able to be shared by another brand in order to protect the manufacturer from those who want to duplicate another brand in order to protect the manufacturer from those who want to duplicate the brand and cash in on their ideas. This research will concentrate on the first for assets. These are the only ones that can be measured when consumers are used as respondents.

2.3 Relationship between the brand equity elements and the marketing mix

Marketing managers must design marketing programmes that enhance brand awareness and establish favourable, strong and unique brand associations in memory so that consumers purchase the product or service, Alba and Hutchingson (1987). Mwandar (1987) argue that perceived product quality is a whole wide range of resources and activities which must be organized to maximize the satisfaction of the consumer. He notes that satisfaction or dissatisfaction depends on the performance of the provider of a good or service relative to the expectations of the consumer. Therefore there is a close relationship between perceived product quality in the brand equity and the product in the marketing mix. Place in the marketing mix is closely related to the brands proprietary assets. Barney (1991) views proprietary assets broadly as any physical, organizational or human attributes that enables the firm to generate and implement strategies that improve its efficiency and effectiveness in the marketplace. Brand associations also relate closely to pricing in the marketing mix, the points of difference in brands provide a competitive advantage and reason to buy, Keller (1998). Marketing communications which falls under promotions in the marketing mix is aimed at shaping consumer perception of the products or service, communication is helpful in creating user and usage imagery attributes. The strength of brand association from communication effects depends on how the brand identities are integrated in supporting marketing programme, Keller (1992).

2.4 Integration of the tools of marketing mix in the brand equity structure product

A product is anything that can be offered to the market for attention, acquisition, use or consumption; it includes physical objects, services, personalities, places, organizations and ideas, Kotler (2000). Aarker (1996) views the product as having three levels namely, the core product (functional benefits: what the buyer is really buying); the formal product (Product attributes- features, packaging, styling and quality), and the augmented product (comprises the totality of the benefits that the person receives or experiences in obtaining the product). The products durability, reliability, precision, ease of operation and repair plus other valued attributes contributes to the product perceived quality, Aaker (1996). Inside a customers mind, a trusted brand is a promise of high quality and good things to come but a tainted brand name can trigger memories of poor quality and bad service, driving customers away, Kathleen (1996).

2.4.1 Price

Rice is a measure of the value of exchange by the buyer for the value offered by the seller Kotler (2000), price is also referred to as the amount of money which is sacrificed to obtain something. Pricing goes by many names e.g. rent, tuition, fee, fare, rate, interest, toll, premium commission, salary, retainer, etc. Traditionally price has operated as the major buyer determinant of buyer choice. Non price factors have however, increased in importance in buyer behavior. Price is the only element in the marketing mix that creates sales revenue, the other elements produce costs. Price also one of the most flexible elements in the marketing mix, in that it can be quickly changed. At the same time, pricing and price competition are the number one problems facing many marketing executives. Because people are willing to spend a little more to get something they trust and are familiar with, branded products able to command premium prices and hence higher profit margins, Starr and Rubinson (1978). A firm must decide where to position the product on quality and price.

2.4.2 Promotion

Promotion refers to various methods that a company uses to establish a reputation for itself or its products for trustworthiness, progressiveness and social responsibility. Promotions may include advertising, sales promotions, salesmanship and publicity. Promotions impart advantage over other firms in the minds of actual and potential customers. Promotions increases marketing communication effectiveness and guides consumer response to advertising and promotion, Rossiter and Percey (1987). According to Douglas (1990), sales promotion consist of diverse collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Sales promotions offer an incentive to buy, and include consumer promotions, trade promotions and business and sales force promotions, Geoff et al (2000). Sales objectives are usually short- term tactical goals and embrace a variety of techniques that organizations can use as part of their total marketing effort. The last two decades have seen increased sales promotion expenditures annually. Sales promotions have an immediate action approach, they prompt the customer to buy now and /or provide the final trigger that moves a customer towards final purchase. Despite this short-term nature, sales promotions should be part of a longer term strategy that include building brand image, strengthening user loyalty, or even

enhancing corporate image, Geoff (2000)

2.4.3 Distribution

Distribution is the ‘place’ ingredient in the marketing, involving the selection of a marketing channel or channels, Dibb and Simkin (2001), it is the process of managing the product from the producer to the consumer/ user. Assael (1993) defines distribution system as a group of independent business composed of manufacturers, wholesalers and retailers designed to deliver the right set of products to consumers at the right place and time. A distribution system is a key external resource, which normally takes years to build, and it is not easily changed. Kotler (2000) observes that distribution ranks in importance with key internal resources such as manufacturing, research, engineering and field sales personnel and facilities. Cravens, Hills and Woodruff (1996), view distribution to have two major components, the distribution channels and physical distribution. The movement of goods and services to points where they are actually wanted is an important aspect of an economic system of a country and an organization. However good the claims for a product or service, however effective the promotional programme, a marketing function will be in vain if the products are not available when and where the customers needs and wants them. A careful attention to customer service needs and cost effectiveness in designing a distribution programme leads to improved effectiveness in marketing and performance of the entire organization.

2.5 How brand equity is created

For branding strategies to be successful and brand equity to be created, consumers must be convinced that there are meaningful differences among brands in the product or service category, Keller (1998). By creating perceived differences among products through branding and developing loyal consumer franchises, marketers create value, which can translate to financial profits for them. Creating brand equity involves combining brand elements in a consistent and complementary manner so that collectively the brand is memorable, meaningful, transferable and protectable. Organizations must choose vivid brand names and bring out outstanding benefits the consumer is expected to benefit from. The vivid brand names can be successfully reinforced by slogans that enhance its awareness in the market and

this can also lead to fruitful brand associations. Creating successful brand equity entails blending various elements together in a unique way, the product or service must be appealing and in tune with the consumers perceptions of the product, the packaging, promotions, pricing and all other elements must similarly meet the tests of appropriateness, appeal and differentiation, Murphy (1990).

2.6 How brand equity is measured

Because the value of brand equity concept lies in the ability to guide strategic decisions, marketers must be able to accurately measure both the sources of brand equity and as well as the outcomes of brand benefits. The most commonly used approaches to measure this are "direct" and "indirect approaches.

Indirect approach attempts to assess potential sources of brand equity by measuring brand knowledge structures, that is brand awareness and brand image. These are useful for identifying what aspects of the brand knowledge may potentially cause the differential response that creates brand equity. Brand awareness can be assessed through the a variety of aided and unaided memory measure that can be applied to test brand recall and recognition, Scrull (1984). Brand recall can also be corded in terms of the order of recall to capture the extent to which the name is "top of mind" and thus strongly associated with the product category in memory.

Direct approach attempts to measure brand equity more directly by assessing the impact of brand knowledge on consumer response to different elements of the firms marketing programme. This approach is useful in approximating and determining the possible outcomes and the nature of benefits that a rise from the differential response that creates brand equity. Measuring brand knowledge requires measuring brand awareness and the characteristics and relationships among brand associations. Because any one measure captures only one a particular aspect of brand knowledge, multiple measures are employed in this study to capture the multidimensional nature of brand knowledge. The two approaches of measuring the brand equity are therefore complementary.

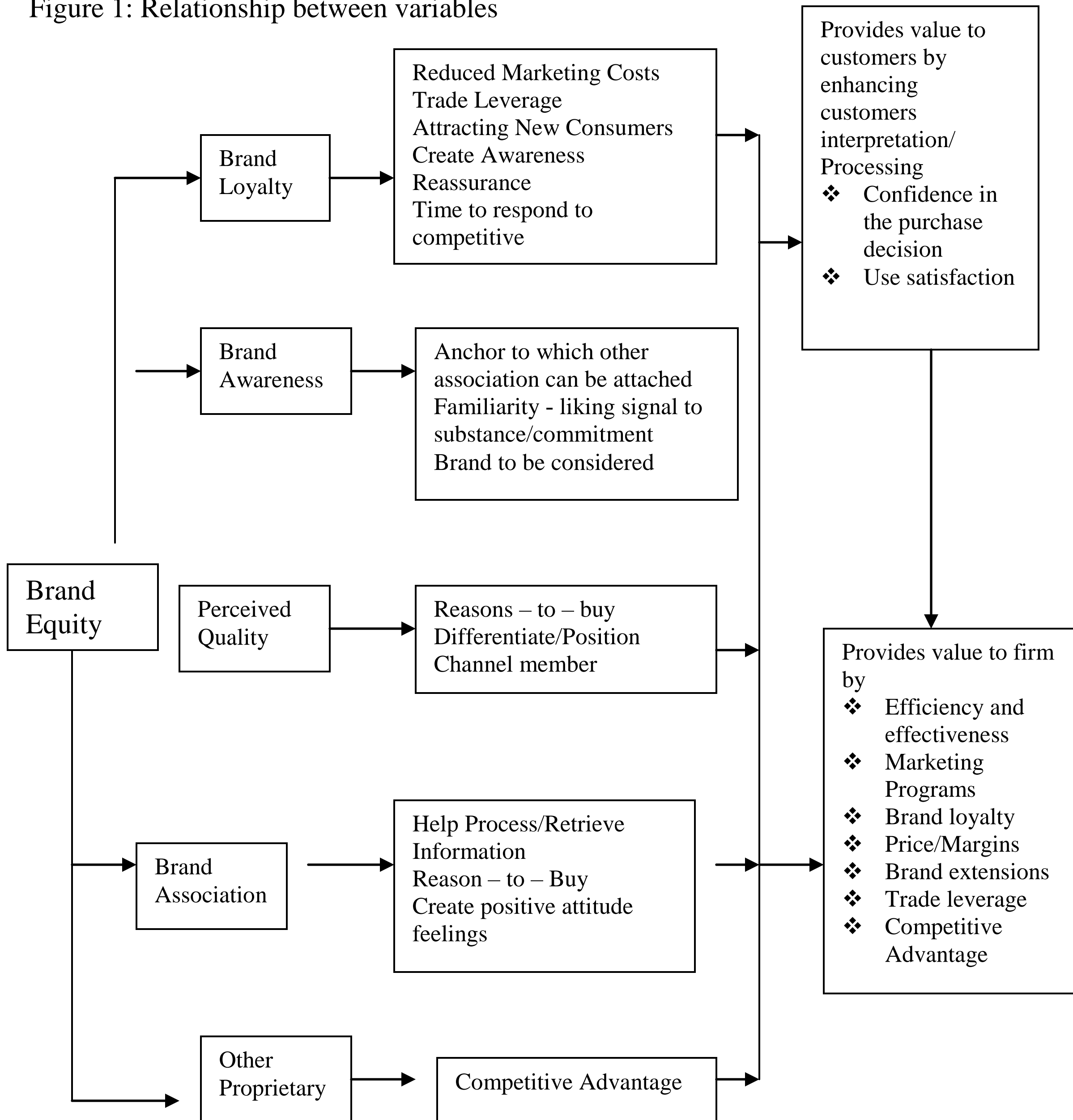
Measurements of the characteristics of brand associations can also be done in a number of ways. Qualitative techniques can be employed to suggest possible associations as when consumers describe what the brand means to them in an unstructured format, either individually or in small groups. More specifically consumers may be probed in terms of "who, what, when, where, why and how" types of questions about the brand. Another potentially useful approach for directly assessing brand equity is the conjoint or trade off analysis, Green and Srinivasan (1990). This is used to explore the main effects of the brand name and interaction effects between the brand name and other marketing mix elements such as price, product or service features and promotions or channel choices.

2.7 Conceptual framework

A concept is a basic idea. It is an idea that is generally abstract and universal rather than concrete and specific. It is basic in the sense that it cannot be easily explained in terms of other ideas or equated to other ideas. In terms of ideas then, a concept is a basic building block that captures the essence of a thing, December, (1999). A conceptual framework is a formal way of thinking (i.e. conceptualizing) about a process/system under study. The conceptual framework that will guide the study has its origin in brand equity.

The conceptual framework used in this study has been adopted from managing strong brands by Aaker (1996). The diagram is illustrated in figure 1 below

Figure 1: Relationship between variables



Adopted from Managing Strong Brands by Aaker (1996) pp 64.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research design

This was a descriptive census study aimed at investigating the creation and application of brand equity by insurance companies in Kenya. According to Cooper (1996), a descriptive study is concerned with finding out who, what, where and how of a phenomenon which is the concern of this study, Njoroge (2003), Mazrui (2003) and Mbau (2000) have used descriptive study in related studies.

3.2 The Population

The population of interest in this study consisted of all the insurance companies in Kenya. According to the Association of Kenya Insurers Insurance industry report for the year 2005, there were 42 Insurance companies in Kenya as at 31st December 2005. (See appendix 3). A census study was conducted due to small size of the population. The respondents in the study were persons vested with the responsibility of marketing the firm's products, these are the head of marketing or other positions mandated to play the functions of marketing. The rationale of selecting these respondents was that they are the ones associated with performance of various marketing and brand management activities. They were therefore expected to be familiar with factors considered important in creating, applying brand equity elements and addressing pertinent problems.

3.3 Data collection

The study relied on both primary and secondary data. Primary data was collected using semi-structured and structured questionnaires (see appendix 2). The questionnaires was dropped at the respective insurance company headquarters in Nairobi and collected later. One respondent who was either the head of marketing or equivalent was studied in each insurance company. The questionnaire had both closed and open-ended questions. The questionnaires were divided into three sections. Section one consisted of questions on general information. Section two had questions on the extent to which insurance companies practice branding. Section three contained factors hindering the practice of branding. The questionnaires were

likert scales, on the scales of 1-5. Njoroge (2003) and Mazrui (2003) used likert scales in related studies.

3.4 Data analysis

Descriptive statistics was used to analyze the data. Data on section one was analyzed using frequencies and percentages. Section two was analyzed using mean scores and standard deviation while section three was analyzed using frequencies, percentages, mean score tabulations and standard deviation. Output of the data analysis was presented in tables and graphs. Mbau (2000) successfully used this method of analysis.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1:Introduction

This chapter presents analysis and findings of the research. From the study population targets of 42 respondents, 32 responded to the questionnaire, constituting 76.2%response rate.

4.2: General information

Table 4.2.1 Years your company has been in operation

	Frequency	Percent
0-10years	4	12.5
11-20years	13	40.6
21-30years	3	9.4
31 and above years	12	37.5
Total	32	100.0

According to the above table, the majority of respondents as shown by 40.6% said that their company has been in operation for 11-20 years. The second largest group of respondents shown by 37.5% said that their company has been in operation for above 31 years, 12.5% said it had been in operation for 0-10 years, while 9.4% said it had been in operation for 21-30 years.

Table 4.2.2 Ownership of the insurance company

	Frequency	Percent
Predominantly local (51% or more)	26	81.3
Balanced between local and foreign (50/50)	6	18.8
Total	32	100.0

From the above table, it was clear that the majority of the insurance companies were predominantly local (51% or more) as shown by 81.3% of the respondents. Only 18.8% said that their insurance company was balanced between local and foreign (50/50).

Table 4.2.3 Business licensed to underwrite

	Frequency	Percent
Life insurance	11	34.4
General insurance	2	6.3
Both life and general	19	59.4
Total	32	100.0

From the above table, the researcher wanted to know from the respondents what their insurance companies was licensed to underwrite. The majority of respondents as shown by 59.4% said that their insurance company was licensed to underwrite both life and general insurance, 34.4% said that their business is licensed to underwrite life insurance, while 6% said that it was licensed to underwrite general insurance.

Table 4.2.4 Number of branches in Kenya

	Frequency	Percent
Less than 5	28	87.5
Between 5-10	4	12.5
Total	32	100.0

The majority of insurance companies have less than 5 branches in Kenya as shown by 87.5%, while 12.5% said that they have between 5-10 branches in Kenya.

Table 4.2.5 whether there is a full fledge marketing department

	Frequency	Percent
Yes	32	100.0

According to the above table, all the respondents said that there is a full fledge marketing department in their insurance company.

Table 4.2.6 Who prepares the marketing and promotion programme (title)

	Frequency	Percent
Brand manager	2	6.3
Brand/marketing manager	2	6.3
Business development manager	1	3.1
Marketing manager	2	6.3
Marketing manager	20	62.5
Products controller	4	12.5
Sales manager	1	3.1
Total	32	100.0

It is very clear from the above table that marketing and promotion programme is controlled by the marketing manager, in some other companies, it is prepared by the brand manager, while in other by products manager, sales manager and some by business development manager.

Table 4.2.7 Does the firm has a procedure of tracking and analyzing the effectiveness of marketing expenditure

	Frequency	Percent
Yes	32	100.0

In the above table, it was clear from all the respondents that all the firms have a procedure of tracking and analyzing the effectiveness of marketing expenditure.

Table 4.2.8 The position of head of marketing department in relation to other departments as below

	Higher	Same	Lower
Finance	3.1	96.9	0
Accounting	98.3	3.1	3.1
Information technology	68.8	31.3	0
Administration	43.8	56.3	0

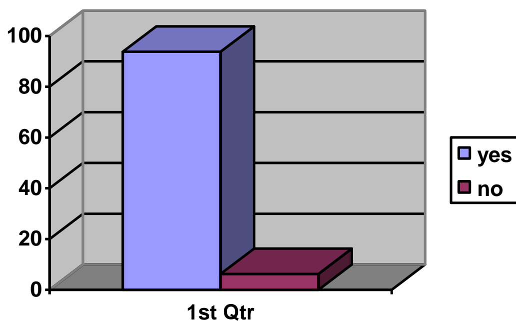
According to 96.9% of the respondents, the position of the head of marketing department is the same with finance while 3.1% said that it is higher than that of finance. 98.3% said that the position of the head of the marketing department is higher than that of accounting department, while 31.3% said it is the same. In relation to the information technology, 68.8% of respondents said that the head of marketing department is higher than the information technology, 31.3% said they are of the same level, while 3.1 said that the head of marketing department is lower than information technology. 43.8% also said that the head of marketing department is higher than the administration, while 56.3% said that they are of the same level.

4.3 Important factor in creating and application of brand equity

Brand equity refers to a set of brand assets and liabilities linked to brand, its name and symbol that add value to or subtracts from the value provided by a product or service to a firm and/or that firms customers.

Figure 1

Do you practice branding of the products in the company?



According to the figure above, the researcher wanted to know whether the insurance companies practice branding of the products in the company. The majority of the respondents as shown by 93.8% said that they practice, while 6.3% said that they do not practice.

Table 4.3.1 Do you have a blue print manual for each of your brands?

	Frequency	Percent
Yes	27	84.4
No	5	15.6
Total	32	100.0

The majority of respondents as shown by 84.4% said that they have a blue print manual for each of their brands, while 15.6% said that they do not have a blue print manual for each of their brands.

Table 4.3.2 How often do you measure the brands performance?

	Frequency	Percent
Half yearly	14	40.6
Yearly	15	46.9
More than a year	3	9.4
Total	32	100.0

46.5% of the respondents said that they measure the brands performance yearly, 40.6% said that they measure their brand performance half yearly, while 9.4% said that they measure it after more than a year.

Table 4.3.3 How often do you undertake market surveys?

	Frequency	Percent
Half yearly	4	12.5
Yearly	28	87.5
Total	32	100.0

The majority of the insurance companies undertake market surveys yearly as shown by 87.5%, while 12.5% said that they undertake market surveys after six months (half yearly).

Table 4.3.4 How long does a brand manager handle a specific brand on average?

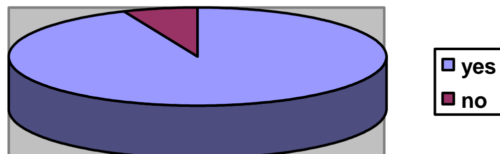
	Frequency	Percent
A month	2	6.3
Three months	5	15.6
Six months	6	18.8
One year	18	56.3
More than a year	1	3.1
Total	32	100.0

56.3% of the respondents said that the brand manager handle a specific brand for a year, 18.8% said that they handle a specific brand for six months, 15.6% said that they handle for three months, 6.3% said that they handle it for a month, while 3.1% said that they handle a specific brand for more than a year on average.

4.4 Brand awareness

This refers to the ability of a potential buyer to organize or recall that a brand is a member of a certain product category**.**

Figure 2 Does your brands have an accompanying company logo



The majority of respondents shown by 93.8% said that their brands have an accompanying company logo, while 6.3% said that their brands do not have an accompanying company logo.

Table 4.4.1 Is your brand involved in any sponsorship of events?

	Frequency	Percent
Yes	5	15.6
No	27	84.4
Total	32	100.0

Asked if their brand is involved in any sponsorship of events, the majority of respondents as shown by 84.4% said that their brand is not involved in any sponsorship of events, while 15.6% said that their brand is involved in some sponsorship of events**.**

Table 4.4.2 If yes which

	Frequency	Percent
Electronic news	1	20.0
Sports	4	80.0
Total	5	100.0

Those that said that their brand is involved in some sponsorship events were asked to state those sponsorship events. The majority as shown by 80% said that they were involved in sports, while 20% said that they were involved in electronic news.

Table 4.4.3 The proportion of a brand-marketing budget to its annual turnover

	Frequency	Percent
Below 25%	13	40.6
26%-50%	15	46.9
51%-75%	4	12.5
Total	32	100.0

46.9% of the respondents said that the proportion of a brand-marketing budget to its annual turnover is 26-50%, 40.6% said that it is below 25%, while 12.5% said that it is 51-75%.

Table 4.4.4 After how long does the company undertake an evaluation of the impact of marketing activities?

	Frequency	Percent
A month	1	3.1
Half a year	8	25.0
A year	23	71.9
Total	32	100.0

The majority of the companies undertake an evaluation of the impact of marketing activities after a year as shown by 71.9%, 25% said after half an year, while 3.1% said after a month.

Table 4.4.5 Orders of importance of promotion mix elements to the insurance firm in marketing products

	Most important	Next most important	Important	Less important	Not important
Packaging	96.9	0	3.1	0	0
Personal selling	9.4	37.5	15.6	37.5	0
Sales promotions	3.1	53.1	31.3	12.5	0
Advertising	96.9	3.1	0	0	0
Publicity	84.4	12.5	0	3.1	0
Sponsorship	15.6	59.4	15.6	6.3	3.1

In the above table, the respondents were asked to give the orders of importance of promotion mix elements to the insurance firm in marketing products. The respondents gave the importance as follows;

In packaging, the majority of respondents as shown by 96.9% said that it is very important, while 3.1% said that it is important.

Personal selling; 9.4% of respondents said that it is important, 37.5% said that it is next to most important, 15.6% said that it is important, and 37.5 said that it is less important.

Sales promotion; 3.1% of the respondents said that sales promotion is a very important promotion mix element to the insurance firm in marketing products, the majority i.e. 53.1% said that it is next to most important, 31.3% said that it is important, while 12.1% said it is less important.

On advertising, the majority comprising of 96.9% said that it is the most important element in marketing of products in insurance firms, and 3.1% said that it is nex5t most important.

On publicity, the majority comprising of 84.4% said that it is most important, 12.5% said that it is next most important, while 3.1% sa8id that it is most important.

Sponsorship; 15.6% said that it is most important, 59.4% said that it is next most important, 15.6% said it is important, 6.3% said that it is less important, while 3.1% said that it is not important.

In general, the researcher can conclude that these promotion mix elements are very important to the insurance firms in marketing their products.

Table 4.4.6 Description of level of awareness of your products in their respective categories

	Frequency	Percent
Easily recognized	12	37.5
Easily recalled	3	9.4
Top of mind	17	53.1
Total	32	100.0

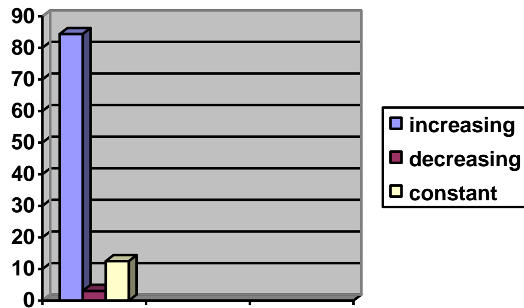
The majority of respondents as shown by 53.1% said that they would describe the level of awareness of their products as in the top of mind, 37.5% said that they would describe it as easily recognized, while 9.4% said that they would describe it as easily recalled.

Table 4.4.7 Do you have a procedure of measuring or evaluating the impact of promotion mix elements in your brands?

	Frequency	Percent
Yes	32	100.0

According to the above table, all the respondents said that they have a procedure of measuring or evaluating the impact of promotion mix elements in their brands.

Figure 3 Description of the trend of awareness of your brands



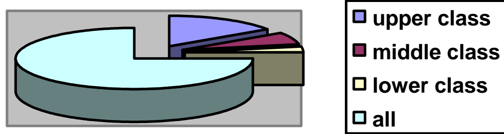
In the above figure, the respondents were asked to describe the awareness of their brands. The majority shown by 84.4% said that the awareness is increasing, 12.5% said that it is constant, while 3.1% said that it is decreasing.

Table 4.4.8 The medium of adverting that the firm normally uses

	Frequency	Percent
Journals	7	21.9
Radio	3	9.4
Television	3	9.4
Combination	19	59.4
Total	32	100.0

Asked the medium of advertising that the firm normally uses, the majority of respondents as shown by 59.4% said that they use a combination of media e.g. radios TVs and journals, 21.9% said they use journals, 9.4% said they use radio, while 9.4% said they use televisions.

Figure 4 Description of the target audience of your communication



In the above figure, the researcher wanted to know the audience that the insurance firms target. The majority of respondents shown by 75% said that they target all classes of audience, 15.6% said that they target upper class, 6.3% said that they target middle class, while 3.1% said that they target lower class audience.

4.5 Brand loyalty

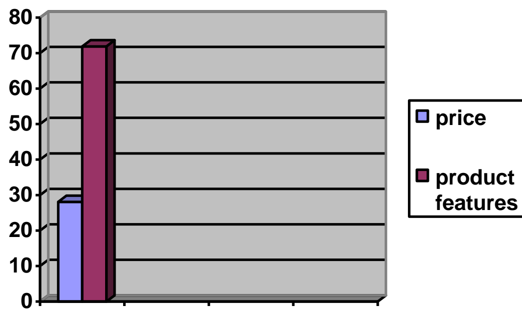
This refers to a measure of the commitment that a customer has to a brand.

Table 4.5.1 Rating the loyalty of the customers

	Frequency	Percent
Very loyal	21	65.6
Passively loyal	11	34.4
Total	32	100.0

The majority of customers to the insurance firms are very loyal as shown by 65.6% of the respondents, while 34.4% said that they are passively loyal.

Figure 5 The key consideration that customers make in buying your brands



It can clearly be seen from the above figure that majority of respondents comprising of 71.9% said that the customers mostly consider product features in buying their brands, while 28.1% said that they consider the price of the brand.

Table 4.5.2 Does the organization has a reliable measure of brand loyalty?

	Frequency	Percent
Yes	32	100.0

According to the above table, all the respondents said that they have a reliable measure of brand loyalty.

Table 4.5.3 The brands estimated market share

	Frequency	Percent
Below 25%	2	6.3
26%-50%	9	28.1
51%-75%	21	65.6
Total	32	96.9

The majority of respondents as shown by 65.6% said that the brands estimated market share is 51-75%, 28.1% said that it is 26-50%, while 6.3% said that its brands estimated market share is below 25%.

Table 4.5.4 Do you think there would be any cost incurred by a customer who switches from your brand to that of a competitor?

	Frequency	Percent
Yes	30	93.8
No	2	6.3
Total	32	100.0

The researcher asked the respondents whether they think there would be any cost incurred by a customer who switches from their brand to that of a competitor. The majority of the respondents as shown by 93.8% said that they would incur a cost, while 6.3% said that they would not incur any cost.

Table 4.5.5 The mental image stimulated by the brand

	Frequency	Percent
Affordable	1	3.1
Appealing	2	6.3
Satisfaction	2	6.3
Brand loyalty	2	6.3
Comfort	2	6.3
Confidence	2	6.3
Craving	2	6.3
Exciting	2	6.3
Exiting	2	6.3
Good	4	12.5
Greatness	2	6.3
Preferential	1	3.1
Quality	1	3.1
Satisfaction	2	6.3

Superiority	1	3.1
Worthy consumption	2	6.3
Total	32	100.0

Asked what mental image the brand stimulates, the respondents gave their suggestions as follows, affordable, appealing, satisfaction, brand loyalty. Some said it stimulates comfort, others said it shows confidence, it is craving, exciting, it is good, some said that it shows greatness, preferential, quality, satisfaction, superiority, and worthy consumption.

4.6 Brand association

This refers to anything 'linked' in memory to a brand. It comprises informational and associative memory links of brand knowledge, image and position.

Table 4.6.1 Mental image that the brand stimulates

	Frequency	Percent
Positive	28	87.5
Negative	2	6.3
Neutral	2	6.3
Total	32	100.0

The respondents were asked to describe the Images stimulated. 87.5% said that they are positive, 6.3% said they are negative, while 6.3% said they are neutral.

This information can also be explained by the figure below,

Figure 6

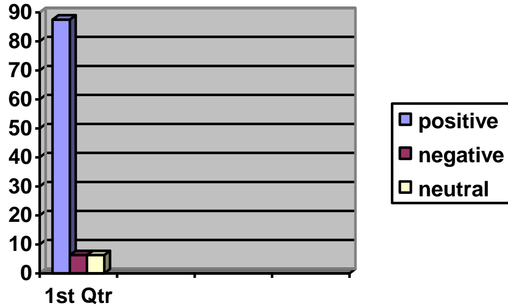


Table 4.6.2 Is your firm keen in developing events and issues associated with the brand that is newsworthy?

	Frequency	Percent
Yes	1	3.1
No	31	96.9
Total	32	100.0

The majority of respondents as shown by 96.9% said that their firm is not keen in developing events and issues associated with the brand that is newsworthy, while 3.1% said that their firm is keen.

Table 4.6.3 If yes, how often

	Frequency	Percent
Three times a year	1	100

The respondent who said that its firm is keen in developing events and issues associated with the brand that are newsworthy were asked by the respondent to state how often. The respondent said that it develops them three times a year.

Table 4.6.4 Does your brand have any relationship with any specific events or phenomenon e.g. sports

	Frequency	Percent
Yes	6	18.8
No	26	81.3
Total	32	100.0

The researcher asked the respondents whether their brand has any relationship with any specific events or phenomenon. The majority of respondents as shown by 81.3% said that it has no relationship with any specific event or phenomenon, while 18.8% said that their brand has a relationship with an event or phenomenon.

Table 4.6.5 If yes, which specific ones

	Frequency	Percent
Current events	1	16.7
Famine	1	16.7
Sports	4	66.7
Total	6	100.0

The respondents who said that their brand have a relationship with specific events or phenomenon were asked by the researcher to state those specific events or phenomenon. The majority of them i.e.66.7% said sports, 16.7% said current events, and 16.7% said famine.

Table 4.6.6 What is your brand strongly associated with

	Frequency	Percent
Car racing	2	33.3
Education	1	16.7
Rugby	2	33.3
Television news	1	16.7
Total	6	100.0

The researcher also asked these respondents what their brand is strongly associated with. 33.3% said that it is associated with car racing, 16.7% said education, and 33.3% said rugby, while 16.7% said television news.

Table 4.6.7 Do you use specified channels of distribution or any available channel?

	Frequency	Percent
Specified	14	43.8
Any	18	56.3
Total	32	100.0

The majority of respondents as shown by 56.3% said that they use any available channel of distribution in their company, while 43.8% said that they use a specified channel of distribution in their company.

4.7 Perceived quality

This is the customer's perception of the overall quality or superiority of a brand with respect to its intended purpose, relative to alternatives**.**

Table 4.7.1 Do you make deliberate efforts in promotional message towards creating positive feelings for your brands?

	Frequency	Percent
Yes	32	100.0

The researcher asked the respondents whether they make deliberate efforts in promotional messages towards creating positive feelings for their brands. All the respondents said that they make those deliberate efforts.

Table 4.7.2 Is perceived quality of any significance to your brands

	Frequency	Percent
Yes	32	100.0

All the insurance companies perceive quality of importance to their brands as shows by 100% respondents.

Table 4.7.3 Factors that are very crucial in determining perceived quality of your brands

	Frequency	Percent
Brand loyalty	2	6.3
Customer confidence	2	6.3
Customer response	6	18.8
Customers preference of our products to	1	3.1
Demand increase	2	6.3
Feedback from consumers	4	12.6
If the brand is considered superior than	1	3.1
Large publicity	1	3.1
Our product demand	2	6.3
Product consumption	4	12.6
Public appeal	2	6.3
Repeated sales	1	3.1
Satisfaction of clientele	2	6.3
The height of the sales graph	2	6.3
Total	32	100.0

In the above table, the researcher asked the respondents to give the factors that are crucial in determining perceived quality of their brands. They gave the following factors;

Brand loyalty, customer confidence, customer response, customer preference of their products to those of their competitors, demand increase, feedback from consumers, if the brand is considered superior than the others, large publicity, their product demand, product consumption, public appeal, repeated sales, satisfaction of clientele, and the height of the sales graph.

Table 4.7.4 Does any of your brands have line extensions?

	Frequency	Percent
Yes	2	6.3
No	30	93.8
Total	32	100.0

Asked if any of their brands have line extensions, the majority of respondents as shown by 93.8% said that they do not have, while 6.3% said that they have.

Table 4.7.5 What benefits do you consider more important to consumers of your products

	Frequency	Percent
Functional	8	25.0
Psychological/ Emotional	24	75.0
Total	32	100.0

The researcher wanted to know the benefits that the insurance companies consider more important to consumers of their products. The majority of respondents as shown by 75% said that their insurance company considers psychological/emotional benefits, while 25% said that they consider functional benefits.

Table 4.7.6 How would you describe the feelings of your customers towards your brands?

	Frequency	Percent
Respectful	21	65.6
Friendly	1	3.1
Trustworthy	10	31.3
Total	32	100.0

The majority of respondents as shown by 65.6% said that they would describe the feelings of their customers towards their brands as respectful, 31.3% said that they would describe them as 31.3%, while 3.1% said that they would describe them as trustworthy.

4.8 Other assets

Table 4.8.1 Are your company's brands under license or patented

	Frequency	Percent
License	31	96.9
Patented	1	3.1
Total	32	100.0

The majority of respondents as shown by 96.9% said that their company's brand is under license, while 3.1% said that it is patented.

Table 4.8.2 Are there long-term relationships with distributors?

	Frequency	Percent
Yes	30	93.8
No	2	6.3
Total	32	100.0

It was clear from 93.8% of respondents that there are long term relationships between the insurance companies and the distributors. Only 6.3% said that there are no long-term relationships with the distributors.

Table 4.8.3 Is your distribution channels shared by other firms?

	Frequency	Percent
Yes	5	15.6
No	27	84.4
Total	32	100.0

According to the majority of respondents shown by 84.4%, the insurance distribution channels are shared by other firms, while 15.6% said that their distribution channels is not shared by other firms.

Table 4.8.4 The relative importance of the following factors in the application of the brand equity concept

	Mean	Std dev
Size of the firm	7.1875	2.5201
Capitalization	7	1.7961
Profitability	7.3125	1.9417
Target audience	6.75	1.5658
Ownership	6.1875	2.1318
No. Of brands handled	5.9063	2.0535
Organization of firm	5.9375	1.5013
Existence of marketing department	7	1.7413
Nature of products	6.9375	1.2427
Top management qualification	7.125	1.0395

The researcher asked the respondents the relative importance of the above factors in the application of the brand equity concept. The responses that the respondents gave were analyzed using mean and standard deviation as above.

The researcher found out that; the mean ranged from 5.9063 to 7.3125

Number of brands handled had the lowest mean of 5.9063, while profitability had the highest mean of 7.3125.

Other factors i.e. size of the firm, capitalization, target audience, ownership, organization of the firm, existence of a marketing department, nature of products, and top management qualification were also significant. They had a mean ranging from 5.94 to 7.19.

This means that the majority of respondents saw these factors as important in the application of brand equity concept.

The researcher also analyzed this information using standard deviation and got the same information. Standard deviation, which is the measure of dispersion from the mean, ranged from 1.0395 to 2.5201.

Size of the firm had the highest standard deviation. This means that the respondents gave the responses on the importance of the size of the firm ranging from the least important to the most important.i.e. The responses were dispersed from the least important to the most important.

Some respondents perceived the size of the firm as least important factor in the application of brand equity concept, while others saw it as a very important factor, and others saw it as just important in the application of brand equity concept.

Top management qualification had the lowest standard deviation, which meant that the responses were concentrated on the most important side i.e. they were not dispersed. This means that top management qualification was perceived as a very important factor in the application of brand equity concept.

4.9 Constraining factors in managing brand equity.

Table 4.9.0 Importance of the following factors in negatively impacting on brand equity

Factors	**Mean**	**Std dev**
Firm specific		
Lack of focus	1.0625	0.24593
Ad hoc marketing activities	1.4375	0.50402

Inability to measure effectiveness	1.5938	0.55992
Lengthy decision making	1.5	0.62217
Inadequate marker research	1.6563	0.70066
Financial constraints	1.9063	0.73438
Too many products/brands	1.6875	0.8206
Top management orientation	1.7813	0.65915
Ethical considerations	1.6563	0.90195
Preoccupation with short term returns	2.1875	0.96512
External factors		
Size of market	1.4688	0.56707
Competition	1.4688	0.84183
Decontrol/deregulate	1.75	0.62217
Cultural factors	1.8125	0.7803
Consumers purchasing power	1.7188	0.68318
Politics	2	0.67202
Technological changes	1.7813	0.49084

In the above table, the researcher asked the respondents to give the relative importance of the above firm specific and external factors in negatively impacting on brand equity creation.
It can clearly be seen from the table that in percentages, more weight fell between very critical and fairly critical, which means that these factors are either very critical or fairly critical in negatively impacting on brand equity.
According to the above table, it was also clear that lack of focus had the lowest mean of 1.0626, while preoccupation with the long term returns had the highest mean of 2.1875. This means that the mean ranged from 1.0626 to 2.1875.

The other factors i.e. ad hoc marketing activities, inability to measure effectiveness, lengthy decision making, inadequate market research, financial constraints, too many products/brands, top management orientation, ethical considerations, size of market,

competition, decontrol/deregulate, cultural factors, consumers purchasing power, politics, and technological changes were also significant. They had a mean ranging from 1.4375 to 2. This information clearly shows that the majority of the above factors were either critical or fairly critical.

Since 1 represents very critical and 2 represents fairly critical.

. This information was also explained using the standard deviation. Standard deviation is the measure of dispersion from the mean score.

From the table, it can also be seen that lack of focus had the lowest standard deviation of 0.24593, while preoccupation with short-term returns had the highest standard deviation.

This also shows that lack of focus was a very critical factor in negatively impacting on brand equity creation. It can also be found that preoccupation with short-term returns was just critical in negatively impacting on brand equity creation.

All the other factors were ranging from 1.0625 to 2. This clearly shows that they were also either very critical or fairly critical factors in negatively impacting on brand equity.

CHAPTER FIVE
DISCUSSION CONCLUSION AND RECOMMENDATION

5.1 Introduction
From the analysis and data collected the following discussions, conclusions and recommendations were made. The response was based on the objectives of the study.

5.2 Discussion
The response rate was good at 76.2% of the targeted firms considering these are big organizations where bureaucracy is the order of the day. However, the researcher found out that the majority of the insurance firms were in operation for 11-20 years. The majority of these firms are predominantly local (51% or more).It was also clear that the majority of these firms are licensed to underwrite both general and life insurance.

The researcher also found out that there was a full fledge marketing department in all these insurance firms. Majority of these firms have a procedure of tracking and analyzing the effectiveness of marketing expenditure. From the research it was also found out that these insurance firms practice branding of products and they have a blue print manual for each of their brands and these brands have an accompanying company logo.

Promotion mix elements e.g. packaging, advertising and publicity are very important to the insurance firms. The majority of the insurance firms also have a procedure for measuring or evaluating the impact of promotion mix elements in their brands.

In the majority of these firms, the trend of awareness of their brands is increasing. This could be due to advertising of their products using a combination of media to reach all classes of target audience.

The customers to the insurance companies' brands consider product features while buying these brands and these firms therefore make deliberate efforts in promotional messages towards creating positive feelings for their brands. It was also found out that perceived quality is of significance to their brands and these firms mostly consider psychological and emotional benefits to consumers of their brands. The majority of insurance companies brands are under licenses.

5.3 Conclusions.

From the findings in chapter four and discussions in this chapter, it can be concluded that, brand equity is one of the most important factor to be considered by insurance firms for the potential buyers to be able to recognize their products and be able to differentiate them from those of others.

Branding also helps the firms to compete using many properties of a product.

5.4 Recommendations

For insurance firms to create brand equity for their products they should be aware that customers have become exposed to many products of all the qualities, makes and origin and therefore they seek the best available product to satisfy their needs.

They therefore should ensure that they have a blue print manual for their product, measure brand performance and undertake market surveys quite often.

These firms should also be in a position to make potential buyers of their products able to recall that a brand is a member of a certain product category.

They should also make their products and brand them in such a way that their potential buyers easily recognize them.

For these firms to succeed in marketing their products, they should ensure that they target all classes of audiences by using a combination of media to advertise their products, and through this the trend of awareness of their brands will keep on increasing.

5.5 Limitation of the research

The study was well conducted and the response rate was excellent since all the
Companies answered the questionnaire. However, there were inevitable limitations of the study and these can be summarized as below:

Secrecy of the company: each company has its codes of practice that prohibits the employees including managers from divulging a lot of information that would affect their customers in any way.

Nature of the work of the respondents: most of the responding companies are the busiest place to work. I had to contend with most managers being away on meetings and taking too long with the questionnaires because of their very busy schedules. However, eventually, they would settle down and fill them

5.6 Suggestions for further research

Further research on the same topic should be done in other industries e.g. banks.

REFERENCES

Aaker D. A., and Biel A.L, (1993). Brand Equity and Advertising: Advertising's Role in Building Strong Brands, Lawrence Erlbaum Associates, New Jersey.

Dibb Sally and Simkin Lyndon (2001), Marketing briefs, a revision and study guide, Butterworth-Heineman, Oxford, United Kingdom.

Cooper, D. J., (1996), Internal Marketing: Your companies' next stage of growth, New York, the Harsworth press Inc.

Cravens D. W, Hills G.E, Woodruff R.B. Marketing Management. (1996) Richard D.Irwin, Inc. U.S.A.

David Arker A (1991): Managing Brand Equity; New York, Free Press.

David Arker A. (1996). Building Strong Brands, New York, The Free Press, U.S.A.

De Chernatony and McDonalds, W: (1998) In Creating Powerful Brands Consumer Services and Industrial Markets. Oxford; Biddles Limited.

Denscombe M (1999), The Good Research Guide for Small-scale Social Research Projects.

Douglass Dalrymple (1990), Marketing Management, 5th edition, New York, USA.

Ejiofor P.N. "The role of Insurance Industry in the economic development of Nigeria" Conference papers of Insurance Institute of Nigeria Volume IV 1975 page 191 In Irukwu J. O. Insurance Management in Africa. The Caxton Press (West Africa Ltd) Ibadan 1977

Lancaster Geoff and David Jobber (2000), Selling and sales management, 5th Edition, Prentice-Hall, Harlow, England.

Hongo A. Pamela (2004), "An Empirical Investigation into the Practice of Brand Extensions: The Case of Fast-Moving Consumer Goods in Kenya", Unpublished MBA Thesis, University of Nairobi, Nairobi

Ikiara, M. (2001). "Managing Insurance in the Global Arena": A 21st Century Perspective, The Insurance Journal, November (pp.16-18)

Ikiara, M. (2001). "The state of Kenya's Insurance Industry" The Insurance Journal, November (pp. 10)

Insurance Act Cap. 487.

Irukwu J. O. (1977) Insurance Management in Africa. The Caxton Press (West Africa Limited). Ibadan .

Jacobson R and Arker: The strategic Role of Products Quality: in Journal of Marketing. Volume 51 pp31-34.

Kapferer Jean- Noel (1998): Strategic Brand Management, Creating and sustaining Brand Equity Long Term. Second Edition; Kogan Page; London/ USA.

Keller, Kevin Lane: Strategic Brand Management, Managing, Measuring and: Building Brand Equity; Prentice Hall, Inc-India (1998).

Kibera F. N. (1996), An Introduction to Business, Nairobi Kenya Literature Bureau

Kimura, J. (2002). "Budget 2002-Prospects for the Future: A Comment", The Insurance Journal November, (pp 2-4).

Kotler, P. (1999), Marketing Management, Millennium edition, New Delhi: Prentice Hall of India.

Kotler Philip (2000), Marketing Management, 10th Edition (millennium edition); Prentice-hall, Inc, India.

Kwena Tabitha Foulata (2002), The Impact of Branding on Consumer Choice: The Case New Domestic Sugar Brands" Unpublished MBA Thesis, University of Nairobi.

Mazrui Salma (2003), Marketing approaches used by managers to address customer service challenges in Banking in Kenya, Unpublished MBA thesis, University of Nairobi.

Makove, S. (2003). "The challenges a head, The Insurance Journal June, (pp 2-4)

Mbau P. Elias (2000): An Empirical investigation of creation and Application of Brand Equity in Kenya; The case of pharmaceutical sector: Unpublished Thesis; University of Nairobi.

Mburu R. I. (2001): The Impact of perceived quality on Brand choice: The case of Drinks (Soda); Unpublished Thesis, University of Nairobi.

Mintzberg, H.; (1994); The rise and fall of strategic planning; London: Prentice Hall.

Mutiga, J. (2003). "Understanding Insurance Crimes," The insurance Journal, June, (pp. 9- 11).

Murphy, J.M., Brand strategy. Prentice Hall, New York 1990.

Mwendar, A.M . (1987), Perceived quality of Port Services: The case of Kenya Ports Authority, Unpublished MBA project.

Njoroge J. K., (2003), Customers perception of service quality in the public utility sector in Kenya: The case study of KPLC after decentralization of services, Unpublished MBA project, University of Nairobi.

Ogunlana F.O. "The development of High Level Manpower for Insurance Industry in Africa", Conference papers of Insurance Institute of Nigeria Vol II 1973. In Irikwu J.O. Insurance Management in Africa. The Caxton Press. (West Africa Ltd) Ibadan 1977.

Pearce A. John and Robinson B. Richard, (2005) Strategic Management, Ninth Edition, Mc Graw-Hill, USA.

Schiffman, L.G., and Kanuk, L.L. (2002), Consumer Behaviour, 6th edition, New Delhi: Prentice Hall of India.

Stanton J. W., Etzel. M. J. (1994), Fundamentals of marketing, 5th Edition, Mc Graw Hill International Edition.

The Association of Kenya Insurers, Insurance Industry Statistics Report for the Year 2005. Nairobi, Kenya.

Wong Too Quee; (1999) Marketing Research; 3rd Edition; Butter Worth- Heinemann; Reed Educational and Professional Publishing Limited.

APPENDICES

APENDIX ONE: LETTER OF INTRODUCTION

February 2007.

Dear Respondent

REF: REQUEST FOR RESEARCH DATA

I am a Master of Business Administration (M.B.A.) student at the University of Nairobi. I am required to submit as part of my course work assessment a research project report on **"A survey of creation and application of brand equity by insurance companies in Kenyan".** To achieve this, your organization is one of those selected for the study. I kindly request you to fill the attached questionnaire to generate data required for this study. This information will be used purely for academic purpose and your name will not be mentioned in the report. Findings of the study, shall upon request, be availed to you.

Your assistance and cooperation will be highly appreciated.

Thank you in advance.

Kamiri J. K.	**Mr. Tom Mutugu**
M.B.A. Student- Researcher	**Supervisor**
Nairobi	University of Nairobi

APPENDIX TWO: QUESTIONAIRE

The questionnaire below is in three sections. Section one is aimed at giving a general background of your organization. Section two is concerned with factors considered important in creation and application of brand equity. Section three deals with the constraining factors that the firm faces in managing brand equity aspects.

SECTION ONE: GENERAL INFORMATION

Name of the company____

Designation of the respondents____

3. Using the categories below please indicate how long your insurance company has been in operation.

0-10 Years [ ]
11-20 Years [ ]
21-30 Years [ ]
31 and above years [ ]

4. Please indicate the ownership of your insurance company using the categories below (please tick one)

Predominantly local (51% or more) [ ]
Predominantly foreign (51% or more) [ ]
Balanced between foreign and local (50/50) [ ]

5. Business licensed to underwrite: (Indicate with a tick)

Life insurance [ ]
General insurance [ ]
Both life and general [ ]

6. Using the categories below please indicate the number of branches your company has in Kenya.

Less than 5 [ ]
Between 5-10 [ ]
Between 11-15 [ ]
Between 16-20 [ ]
21 and above [ ]

7. Do you have a full fledge marketing department

Yes [ ]
No [ ]

8. Who prepares your marketing and promotion programme? Please give title____

9. Does your firm have a procedure of tracking and analyzing the effectiveness of marketing expenditures?

Yes [ ]
No [ ]

10. In your organization structure, what is the position of head of marketing department in relation to other departments? Please tick the appropriate box.

Department	Higher	Same	Lower
Finance			
Accounting			
Information Technology			
Administration			

SECTION TWO: IMPORTANT FACTOR IN CREATING AND APPLICATION OF BRAND EQUITY

Brand equity refers to a set of brand assets and liabilities linked to brand, its name and symbol that add value to or subtracts from the value provided by a product or service to a firm and /or that firm's customers. Consider one of your products as you answer the questions.

11. Do you practice branding of your products in your company?
Yes [ ]
No [ ]
12. Do you have a blue print manual for each of your brands? Yes [ ] No [ ]

13. How often do you measure brand performance?
14. How often do you undertake market surveys?
15. How long does a brand manager handle a specific brand on average?..........................

Brand awareness refers to the ability of a potential buyer to organize or recall that a brand is a member of a certain product category.

16. Does your brands have an accompanying company logo? Yes [ ] No [ ]
17. Is your brand(s) involved in any sponsorship of events? Yes [ ] No [ ]
18. If question 18 above is yes, which ones? ....
19. Roughly what is the proportion of a brand's marketing budget to its annual turnover?
……………………………………………………………………………..
20. After how long does the company undertake an evaluation of the impact of marketing activities? ....
21. Please rank the following promotion mix elements in order of importance to your firm in marketing products with 1st rank being the most important, 2nd rank next most important and so on.

Packaging [ ] Advertising [ ]
Personal selling [ ] Publicity [ ]
Sales promotions [ ] Sponsorship [ ]
22. How would you describe the level of awareness of you products in their respective categories?

Easily recognized [ ]

Easily recalled [ ]
Top of mind [ ]
23. Do you have a procedure of measuring or evaluating the impact of promotion mix elements in your brands?

24. How would you describe the trend of awareness of your brands?
Increasing [ ] Decreasing [ ] Constants [ ]

25. Which medium of advertising does your firm normally use? (You can tick more than one)
Journals [ ] Radio [ ] Television [ ] Combination [ ] Others Yes [ ]

26. In general how would you describe the target audience of your communication messages?
Upper class [ ] Middle class [ ] Lower class [ ] All [ ]

Brand loyalty refers to a measure of the commitment that a customer has to a brand
27. How do you rate the loyalty of your customers?
Very loyal [ ] passively loyal [ ]
Non-loyal [ ] Indifferent [ ]

28. Which is the key consideration that customers make in buying your brands?
Price [ ] Product features [ ] Convenience [ ] Brand name [ ]

29. Does your organization have a reliable measure of brand loyalty? Yes [ ] No [ ]

30. What is your brands estimated market share? ....

31. Do you think there would be any cost incurred by a customer who switches from your brand to that of a competitor? Yes [ ] No [ ]

Brand Association refers to anything "linked" in memory to a brand. It comprises informational and associative memory links of brand knowledge, image and position

32. What mental image does the brand stimulate……………………………………

33. How would you describe the image so stimulated?
Positive [ ] Negative [ ] Neutral [ ]
34. Is your firm keen in developing events and issues associated with the brand that are newsworthy?
35. If question 34 above is yes, how often? ....

36. Does your brand have any relationship with specific events or phenomenon e.g. sports? Yes [ ] No [ ]

37. If question above is yes, which specific ones?

38. What is your brand strongly associated with?

39. Do you use specified channels of distribution or any available channel?
Specified [ ] Any [ ]

Perceived quality is the customer's perception of the overall quality or superiority of a brand with respect to its intended purpose, relative to alternatives.

40. Do you make deliberate efforts in promotional messages towards creating positive feelings for your brands? Yes [ ] No [ ]

41. Is perceived quality is of any significance to your brands? Yes [ ] No [ ]

42. What factor is very crucial in determining perceived quality of your brands? ....

43. Does any of your brands have line extensions? Yes [ ] No [ ]

44. What benefits do you consider more important to consumers of your product?
Functional [ ]
Psychological/emotional [ ]
Self-Expressive [ ]

45. How would you describe the feelings of your customers towards your brands?
Respectful [ ] Friendly [ ] Trustworthy [ ] Liking [ ]

Other assets

46. Are your company's brands under licence or patented? Licence [ ] Patented [ ]

47. Are there long term relationship with distributors? Yes [ ] No [ ]

48. Are your distribution channels shared by other firms? Yes [ ] No [ ]

49. On a scale of 1-10, how would you rank the relative importance of the following factors in the application of the brand equity concept? 1 to represent least important and 10 most important.

		1	2	3	4	5	6	7	8	9	10
A	Size of the firm										
B	Capitalization										
C	Profitability										
D	Target audience										
E	Ownership										
F	No. of brands handled										
G	Organization of firm										
H	Existence of marketing department										
I	Nature of products										
K	Top management qualification										

SECTION THREE: CONSTRAINING FACTORS IN MANAGING BRAND EQUITY

50. Every organization faces some problems in its operations. On the following scale, please indicate the relative importance of the following factors in negatively impacting on brand equity creation.

Factors	**Very critical**	**Fairly critical**	**Critical**	**Not critical**
Firm specific				
a) Lack of focus				
b) Ad hoc marketing activities				
c)Inability to measure effectiveness				
d) Lengthy decision making				
e) Inadequate market research				
f) Financial constraints				
g) Too many products/brands				
h)Top management orientation				
i) Ethical considerations				
k)Preocupation with short term returns				
External factors				
l) Size of Market				
m) Competition				
n) Decontrol/deregulate				
o) Cultural factors				
p) Consumers purchasing power				
q) Politics				
r) Technological changes				

APPENDIX THREE: LIST OF INSURANCE COMPANIES

COMPANY	CONTACT	PRINCIPAL OFFICER
1. Africa Merchant Assurance Company Transnational Plaza, Mama Ngina Street, Nairobi.	P.O. Box 61599 Tel: 312121/340022	K. Abincha
2. CFC Life Assurance Fax 020-2718365	Tel. 020-2866000	G. Eaton
2. AIG Global Insurance Co Tel. 711242 Alico House, Mamlaka Road Nairobi.	P.O. Box 30364,	J.Olende
4. A P A Insurance Limited Tel 020-2862000 Hughes Building Kenyatta Avenue Nairobi.	P. O. Box 30065-00100	A.K.M. Shah
3. Apollo Insurance Tel: 223562-3 Hughes Building, Kenyatta Avenue, Nairobi.	P.O. Box 30389,	G. Dikinya
5. Blue Shield Insurance Company Limited Raghvani House, Tom Mboya Street Nairobi.	P.O. Box 49610, Tel. 33406	P. Wanjala
6. British-America Insurance Company (K) Limited Mara/Ragati Roads, Nairobi.	P.O. Box 30375, Tel. 710927/38 British American Centre,	B. Wairegi

No.	Company	Address	Contact
7.	Cannon Assurance Company (K) Ltd Cannon House, Haile Selassie Avenue Nairobi.	P.O. Box 30216 Tel. 335478,	M. Mukoma
8.	Concord Insurance Company Limited Yaya Centre Building, Arwings Kodhek Road, Nairobi.	P.O. Box 30634, Tel. 2720166/6/7	F.S. Irungu
9.	Co-operative Insurance Company Limited Bima House Harambee Avenue Nairobi.	P.O. Box 59485 Tel. 330123/4,	N. Kuria
10.	Corporate Insurance Company Limited Corporate Place, Kiambere Road, Nairobi.	P.O. Box 34172, Tel. 717617,	D. Ngugi
11.	Directline Assurance Fax. 020-242746	Tel. 020-242405	H. Mugo
12.	Fidelity-Shield Insurance Company Limited Waiyaki Way, Nairobi.	P.O. Box 47435 Tel. 443063 Southern Shield Complex,	S.N. Surmar (Mrs)
13.	First Assurance Company Limited First Assurance Building Arwings Kodhek Road, Nairobi.	P.O. Box 30064 Tel. 567374/6/9,	S. Githiga
14.	Gateway Insurance Company Limited Gateway Place, Milimani Road Niaorbi.	P.O. Box 60656 Tel. 713131	G.W. Karuri

15. Geminia Insurance P.O. Box 61316, B.R. Shah
Company Limited Tel. 223940, Agip House,
Haile Selassie Avenue
Nairobi

16. General Accident P.O. Box 42166, R.S. Shah
Insurance Company Tel. 711633,
Limited General Accident House,
Ralph Bunche Road,
00100-Nairobi.

17 Heritage A.I.I. Insurance P.O. Box 30390, J.H.D. Milne
Company Limited Tel. 351406/8, 749118,
C.F.C Centre,
Chiromo Road
Nairobi

18. Insurance Company of P.O. Box 46143 J.K. Ndung'u
East Africa Limited Tel. 340365,
ICEA Building,
Kenyatta Avenue,
Nairobi.

19. Intra Africa Assurance P.O. Box 43241, G. Njenga
Company Limited Tel. 712610
Williamson House,
4th Ngong Avenue,
Nairobi

20. Invesco Assurance P.O. Box 52964, S. Muhindi
Company Limited Tel. 248243/248526
Cotts House
City Hall Way,
Nairobi.

21. Jubilee Insurance P.O. Box 30376, Z. Mohamed
Company Limited Tel. 229930,
Jubilee Insurance House,
Wabera Street,
Nairobi.

22. Kenindia Assurance P.O. Box 44372, I. J. Jain
Company Limited Tel. 3331000
Kenindia House
Loita Street

Nairobi.

23. Kenya Orient Insurance Company Limited Cathedral Road, Nairobi.	P.O. Box 34530, Tel. 728603/4, Capital Hill Towers,	S. Karoki
24. Kenya Alliance Insurance Company Limited Koinange Street, Nairobi.	P.O. Box 30170, Tel. 241626/3336500, Chester House,	W. Mbugua
25. Lion of Kenya Insurance Company Limited Williamson House, 4th Ngong Avenue Nairobi.	P.O. Box 30190, Tel. 710100,	J. Kimeu
27. Madison Insurance Company Limited Off Upper Hill Road, Nairobi.	P.O. Box 47382 Tel. 721970/1,	J.M. Murage
26 Mayfair insurance Fax. 020- 315645	Tel. 020-315703	T. Shah
28. Mercantile Life & General Assurance Company Limited Muindi Mbingu Street, Nairobi.	P.O. Box 49581, Tel. 218211/219486, Fedha Towers,	S. Sen
30. Occidental Insurance Company Limited Post Bank House, Market Street, Nairobi.	P.O. Box 41684/39459, Tel. 227661	S. G. Ray
31. Old Mutual Life Assurance Company Limited Mara/Hospital Road, Nairobi.	P.O. Box 30059, Tel. 221187/8, 335407, Old Mutual Building	S.L. Henderson

32. Pacis Insurance Co Tel. 020-4452560 P. Makhanu
Fax. 020-4446167

33. Pan Africa Life P.O. Box 62551, A. Greenwood
Assurance Company Tel. 339511-9
Limited Pan Africa House,
Kenyatta Avenue,
Nairobi

34. Phoenix of East Africa P.O. Box 30129, M.P. Shashidharan
Assurance Company Tel. 338781
Limited Ambank House,
University Way,
Nairobi

35. Pioneer Assurance P.O. Box 20333 Moses Kimani
Company Limited Tel. 220814/5,
Pioneer House,
Moi Avenue
Nairobi

36. Royal Insurance P.O.BOX 40001, S.K. Kamau
Company of East Africa Tel. 712620,
Limited Royal Ngao House
Hospital Road,
Nairobi

37. Standard Assurance P.O. Box 28759 E.O. Adul
Kenya Limited Tel. 224721/221862
Reinsurance Plaza
Taifa Road
Nairobi

38. Tausi Insurance P.O. Box 28889, K.S. Kamau
Company Limited Tel. 746602/3/17,
Swan Court,
Mikinduri Road, Westlands,
Nairobi

39. The Monarch Insurance P.O. Box 44003 E. Murithi
Company Limited Tel. 330042/3/54

Prudential Building
Wabera Street,
Nairobi

40. Trident Insurance Company Limited Capital Hill Towers Cathedral Road Nairobi.	P.O. Box 55651, Tel. 721710,	S.K. Singh
41. Trinity Life Assurance Company Limited Reinsurance Plaza, Taifa Road Nairobi.	P.O. Box 12043, Tel. 244282/244277,	J. Macharia
42. UAP Provincial Insurance Company Limited Bishop's Road 00100-Nairobi	P.O. Box 43013, Tel. 271275/2850000, Bishop's Graden Towers,	J.N. Muguiyi