Investigating Trust and Customer Satisfaction effect on Insurance brand equity (case study: Iran Insurance Company in KHORASAN-E-RAZAVI)

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Abstract

This study aims to investigate trust and customer satisfaction effect on brand equity of Iran insurance Company in Khorasan-E-Razavi. This survey is carried out by applied-developed and cross-sectional approach. Statistical population is all of Khorasan-E-Razavi’s Iran insurance agencies that all of them (255 people) were selected by random sampling. Multivariate regression is utilized for testing hypotheses and data analysis. Research descriptive findings showed that the highest numbers of customers are married men (31-45 years old) who have master degree and results of tested hypotheses showed that all 6 hypotheses were confirmed and therefore it was concluded that trust and customer satisfaction has effect on brand equity of Khorasan-E-Razavi Iran insurance Company.

Keywords: trust, brand equity, customer satisfaction, Iran insurance.
Introduction

Statement of the problem

One part of economy in each country which has important duties is insurance industry. Insurance industry can be considered as an investment institute which is impressive on economic growth. Brand is considered as the most valuable intangible asset for insurance industry and has an important role in attracting customer. Brand real value isn’t located in products or services but also it is created in customers mind. Although companies apply different methods in local and international competition, the main factor for insurance company achievement is their capability in integrated services management in order to impress work operations setting. The strategies that can create competitive advantage and trust components and customer satisfaction which origins from services and activities effect and their influence on operational and cultural fields can keep current customers and attract new ones (Seyed Javadin, 2007, 81)

In today’s globalization, competitiveness considers as an important topic among different levels (country, industry and company) of policy makers in different parts of the world. In local and global markets business strategies are designed for companies to make them capable of changing their current situation to the stronger one. The organizations act differently in their performance and their working methods. World class companies have some features in common that help them in promoting competition. The key factor for world class organizations is their capability in integrating activities for impressing three fields of market, operation and culture. Competitive advantage origins from coordinated attempt to create diversity in organization’s market, operation and culture. to meet this objective, one of the most famous concepts of marketing which is investigated and examined over past decade by scholars and marketing agents is brand equity (Seyed Javadin, 2007, 74).

Research importance and necessity

Customers’ satisfaction and their amount of satisfaction of insurance company form based on phantasm without considering whether it is for the first time that the customer gives service from the company or they have previously referred to the company. Remarkable insurance companies try to create maximum loyalty by emphasizing on customers expectation, keeping customers and creating customer’s trust and satisfaction. Currently the customers are determinant of company’s existence, thus, the companies can’t be indifferent toward customers expectation and needs. They should focus their activities on customer satisfaction and absorbing their trust. As, customers consider as the only resource of capital return. The companies lose their customers to the average of 10 to 30 percent annually. However, they often don’t know when and why they lose certain customers and they traditionally emphasize on absorbing new customers. These companies are similar to a bucket which has a hole at the end of it and lose their customers like water that oozing from its bottom and company’s managers are seeking for new resources for attracting more customers instead of filling the hole which cause customer loss (Mousavi et al., 2009, 57).

This research main objective is investigating trust and customer satisfaction impact on brand equity of Iran insurance. Thus, based on research main objective inferior research objectives are defined as follows:

1. Investigating the effect of trust on Iran insurance brand phantasm
2. Investigating the effect of trust on Iran insurance perceived quality
3. Investigating the effect of trust on Iran insurance brand loyalty
4. Investigating the effect of trust on Iran insurance brand awareness
5. Investigating the customers’ satisfaction on Iran insurance brand phantasm
6. Investigating the customers’ satisfaction on Iran insurance perceived quality
7. Investigating the customers’ satisfaction on Iran insurance brand loyalty
8. Investigating the customers’ satisfaction on Iran insurance brand awareness

Research background

Local research background
The research which is carried out by Parhizgar et al. (2012) which its topic was ‘investigating the impact of brand equity dimensions by applying Acker model on brand equity in customers’ point of view’. They emphasized on Acker model 1991 and customer based approach and did a research by survey investigation on the relationship between brand equity in Acker model and brand equity in customer’s point of view. They concluded that brand loyalty and brand associations have a direct effect on brand equity. Also, there isn’t a direct relationship between (brand perceived quality and brand awareness) and (brand equity). Among all factors which have direct effect on brand equity, brand loyalty has the highest effect and brand associations stand next.

The research which is carried out by Rahiminia et al. (2012) which its topic was ‘investigating the mediating role of customer based brand equity on the effect of successful relationship with customer and brand image in 5-star hotels in Mashhad’. They examined the mediating role of customer based brand equity on the effect of successful relationship with customer and brand image. This research’s finding shows that the variable of successful relationship with customer has a positive effect on brand equity and brand image. Also, the positive significant effect of brand equity on brand image is confirmed.

Foreign research background
Mari Juntunen (2010) concluded in a research which its topic was ‘the relationship between brand equity and brand loyalty among market companies’ that customer loyalty is a part of brand equity and brand equity leads to loyalty. He also stated that products brand equity is developed in products brand point of view and brand equity should be developed to the size of products.

Zarantoleno (2015) in a research which its topic was ‘comparing customer loyalty in family trade with nonfamily trade, company image, trust and satisfaction’ and performed in Germany concluded that company image has a direct and indirect effect on customers’ loyalty. Also, Customer satisfaction is directly affected by store image and indirectly influenced by trust.

Boo et al. (2009) performed a research in USA which its subject was ‘a customer based equity model and its application for multiple objectives’. This study investigates on empirical data for developing a model by applying customer based brand equity models after reassuring about its validity and stability. A group of American tourists was examined by a proposed model or modified model. This research results confirms the concept of customer based brand equity. And besides that it shows brand application experience have a positive effect on brand equity. However, it can’t have a direct effect on brand loyalty.

Keller (2016) performed a research which its topic was ‘customer based brand equity for a particular objective in tourism industry’. They examined the dimensions of value based brand equity which consists of awareness, phantasm, quality and loyalty. This research result shows that there is positive and significant relationship among four dimension of customer based brand equity.
equity. This research model examination shows that phantasm has importance like it has shown in other researches. However, Koonking and Gartner suggest that phantasm isn’t an essential dimension of customer based brand equity and they propose for thorough evaluation of model the dimensions of awareness, quality and loyalty should also be examined. Pataniak (2011) performed a research in Turkey which its subject was ‘determine the effective factors on brand equity; case study: beverage industry’ this research hypotheses investigated the effects of perceived quality, brand loyalty, brand associations and brand awareness on brand equity. However he concluded that three factors of (perceived quality, brand associations and brand awareness) doesn’t have any effect on brand equity. Armsted (2015) performed a research in property insurance field which its subject was ‘the effective factors on customers satisfactory of phone sales centers in insurance company’. The effect of customer’s focus on phone customer satisfaction is examined in this research. Customers focus consists of customer needs understanding, creating value for customers, keeping commitment to customers and having the objective of customer satisfaction. His research results showed that organizations can reach customer satisfaction of telephone sales centers by focusing on customer and his needs. This research is suggested that managers of telephone centers and telephone sales should consider customer’s need and have the highest commitment toward customers.

Research hypotheses
Current research major hypothesis is: trust and customer satisfaction has a positive impact on brand equity of Iran insurance. Thus, based on research main hypothesis inferior research hypotheses are defined in responding to the eight questions that mentioned before and they are:

H1: Trust has a positive effect on brand phantasm of Iran insurance company
H2: Trust has a positive effect on perceived quality of Iran insurance company
H3: Trust has a positive effect on brand loyalty of Iran insurance company
H4: Trust has a positive effect on brand awareness of Iran insurance company
H5: Customers’ satisfaction has a positive effect on brand phantasm of Iran insurance company
H6: Customers’ satisfaction has a positive effect on perceived quality of Iran insurance company
H7: Customers’ satisfaction has a positive effect on brand loyalty of Iran insurance company
H8: Customers’ satisfaction has a positive effect on brand awareness of Iran insurance company

Research conceptual model
The conceptual framework which is applied in this research, origins from Acker model 2009 as follows:
According to the provided contents, the conceptual model which is applied for this research for investigating the effect of trust and customer satisfaction on brand equity, presents in figure 4-2 and it origins from Acker model 1991 that is the best and the most applicable model in this field.

Research methodology:
Methodology is a method of recognizing each science. Methodology is the methods for reaching scientific recognition of things and each science methodology is an appropriate and accepted method of that science for specifying rules and norms. Specification methods should be differed from performing methods and rules (Oumaskaran, 2006, 268) research performing method is a set of activities that specifies how, where and by which kind of tools the regarded data are
collected and analyzed to reach the desired results. Researches divide into two categories of fundamental and applied researches and based on their identity and method they classify into historical, descriptive, correlated, scientific (after occurrence) and empirical or experimental. – Khaki, 2003,288 – thus, current research is applied-developed by considering its objective as its general objective is to investigate trust and customer satisfaction impact on brand equity of insurance and it utilize the results in Iran insurance. Based on research methodology it regards as correlation research, as it examines casual relationships. In correlation research the major objective is to specify whether there is any relationship among two or more variables and if so how much its strength is. As this research is evaluating these relationships by applying questionnaire, it is a fieldwork study by regarding data gathering type and it is survey research by considering the research framework and it will be performed in the form of descriptive-analytical form in Khorasan-E-Razavi Iran insurance administration. The mentioned administration consists of 14 branches and 1000 agencies that around 770 of them are located in Mashhad city and the questionnaire filled by 5 Mashhad administrations and 9 other cities agencies.

Research scope
Current research locational scope is Iran insurance company in Khorasan-E-Razavi. Iran insurance agency in Khorasan-E-Razavi is one of the most numerous and expansive insurance sales network in Iran. The mentioned administration consists of 14 branches and 1000 insurance sales servicing agencies that around 770 of them are located in Mashhad city and the questionnaire filled by 5 Mashhad administrations and 9 other cities agencies. Research’s topic scope is to examine trust and customer satisfaction impact on brand equity of Khorasan-E-Razavi Iran insurance administration. Based on Acker model, brand equity has four dimensions; perceived quality, brand loyalty, phantasm and brand awareness. Current research time scope: some researches perform in a way that their related data for answering questions are gathered only one time such as during a couple of days, weeks or months, current research is like these type of researches and the related data is gathered from 2013 to 2014.

Theoretical framework
Services
Services are works and operations which supply by one side to the other. However, it can be related closely to a physical product. But this action is necessarily intangible and usually doesn’t lead to product factors ownership. Services are a type of economic activity which can lead to desired modification for services recipient or can create value for customers in particular times or locations and provide some benefits (Dehnavi et al. 2009 ) services definition is always difficult, due to various services. The thing which makes this more difficult is the fact that almost all of inputs and outputs are intangible and often determining services performing and supplying methods aren’t easy. Philip Katler believes; service is an activity or intangible and impalpable benefit that one side is offering to the other and doesn’t lead to product factors ownership. Service production maybe related or not related to physical goods (Hosseini et al. 2010)

Inseparability
Martinez et al. (2010) believes that there is a significant difference between physical goods and services based on consumption and production chain. It means that the products produce first
then it stores and ultimately it sells and consumes. However, services sells first then it consumes and produces concurrently. In many situations the service cost pays after its consumption and the creation of satisfaction from provided services.

**Variability**

Services are very different due to their relationship to its provider and the place which it provides. Servicing institutions do three things in order to impose qualitative control:
- Experienced human resources selection, education and application
- Standardizing service performing process all over the organization; this job can be met by codifying servicing work process chart. Servicing events and processes draws in order to identify and specify weaknesses in providing services.
- Precise supervision on customers’ satisfaction by applying critics and suggestions evaluation systems, customer study and comparative purchase; by this method weak servicing specifies and the attempts forms to remove weaknesses (Dehnavi et al. 2009).

**Customer importance:**

In today’s competitive market and due to marketing concept evolution, servicing and commercial organizations such as insurance companies identifies that they should attract customers’ satisfaction in order to meet their objective or move further. In other words trade engine is customer not either product or market. Due to this reality commercial organizations try to increase their sales and profit by customer satisfaction. James Ebraine states about creating and keeping customer loyalty:

- Selling a thing to a new customer has a cost which equals 6 times higher than selling that thing to an existing customer. A regular dissatisfied customer will talk about his experience to 8 to 10 people. A company can increase its profitability to 85 percent by spending just 5 percent more on keeping customers. 70 percent of dissatisfied customers will come back and bargain with the organization which they were dissatisfied with before if they were regarded quickly by compensatory services (Heydari, 2011, 55).
The philosophy of customer satisfaction

In today’s local and international complex markets and competitive world, organizations activities guide toward customers’ needs, satisfaction and trust. In today’s expansive market, customer behavior can specify organization’s success. On one side customer orientation can be defined as a kind of respecting human and meeting his needs. Customer satisfaction consists of customer specification and its different types, customer importance, increase customer satisfaction, customer orientation methods and its concepts, market share promotion and the effects of customer satisfaction effects on business, customer expectations specification and his needs for more profit and keeping customer loyalty.

Trust

Di Royter (2001) defines trust as the expectation of regular, correct and cooperative behavior existence in a community which forms based on part of community members criteria that held in common. Fokoyama believes that technologic evolution can bold trust role in understanding commercial behavior such as marketing. In more precise definition, brand trust is that customer reassures about brand capabilities and potentialities and does the specified duties. He announces that trust and attitude have an important role in creating competitive advantage in servicing (Hosseini and Ahmadi Nezhad, 2008)

Brand equity

In today’s globalization, competitiveness considers as an important topic among different levels (country, industry and company) of policy makers in different parts of the world. In local and global markets business strategies are designed for companies to make them capable of changing their current situation to the stronger one. The organizations act differently in their performance and their working methods. World class companies have some features in common that help them in promoting competition. The key factor for world class organizations is their capability in integrating activities for impressing three fields of market, operation and culture. Competitive advantage origins from coordinated attempt to create diversity in organization’s market, operation and culture.to meet this objective, one of the most famous concepts of marketing which is investigated and examined over past decade by scholars and marketing agents is brand equity (Seyed Javadin, 2007, 74).

Research findings:

First hypothesis:
Trust on Iran insurance has a positive effect on brand phantasm; this research hypothesis test by applying structural equations shows trust positive effect on insurance brand phantasm. The results showed that at the significance level which is lower than 0.05, trust can impress brand phantasm at around 22 percent.

Second hypothesis:
Trust on Iran insurance has a positive effect on perceived quality; this research hypothesis test by applying structural equations shows trust positive effect on brand perceived quality. The results showed that at the significance level which is lower than 0.05, trust can impress brand perceived quality at around 26 percent.

Third hypothesis:
Trust on Iran insurance has a positive effect on brand loyalty; this research hypothesis test by applying structural equations shows trust positive effect on brand loyalty. The results showed
that at the significance level which is lower than 0.05, trust can impress brand loyalty at around 81 percent.

**Fourth hypothesis:**
Trust on Iran insurance has a positive effect on brand awareness; this research hypothesis test by applying structural equations shows trust positive effect on brand awareness. The results showed that at the significance level which is lower than 0.05, trust can impress brand awareness at around 43 percent.

**Fifth hypothesis:**
Customers’ satisfaction has a positive effect on Iran insurance brand phantasm; this research hypothesis test by applying structural equations shows customers’ satisfaction positive effect on insurance brand phantasm. The results showed that at the significance level which is lower than 0.05, customers’ satisfaction can impress brand phantasm at around 99 percent.

**Sixth hypothesis:**
Customers’ satisfaction has a positive effect on Iran insurance perceived quality; this research hypothesis test by applying structural equations shows customers’ satisfaction positive effect on insurance brand perceived quality. The results showed that at the significance level which is lower than 0.05, customers’ satisfaction can impress brand perceived quality at around 65 percent.

**Seventh hypothesis:**
Customers’ satisfaction has a positive effect on Iran insurance brand loyalty; this research hypothesis test by applying structural equations shows customers’ satisfaction positive effect on insurance brand loyalty. The results showed that at the significance level which is lower than 0.05, customers’ satisfaction can impress brand loyalty at around 39 percent.
Eighth hypothesis:
Customers’ satisfaction has a positive effect on Iran insurance brand awareness; this research hypothesis test by applying structural equations shows customers’ satisfaction has positive effect on insurance brand awareness. The results showed that at the significance level which is lower than 0.05, customers’ satisfaction can impress brand awareness at around 40 percent.

Conclusions:
Trust has a direct relationship with customer’s brand phantasm of Iran insurance. It is suggested to Iran insurance managers to create and keep brand trust and create appropriate customer’s brand phantasm by trying to show brand stronger in customers mind and due to this they should supervise the performance of all agencies and check whether their performance is strong and correct. They should increase their agencies in cities and villages in order to show that Iran insurance company is dispersed all over the country and provide its services with the highest quality and appropriate price.

Iran insurance managers should improve customers’ internal feeling and trust toward insurance company if they want to have loyal customers. In fact, this is trust which has the highest effect on customers’ brand loyalty. For example the customers are too faithful to mouth advertising and this has the highest impact on brand loyalty. Iran insurance can increase mouth advertising which can lead to brand loyalty by holding advertising campaigns and creating more organizational relationships.

It is suggested to Iran insurance managers to provide secure legitimate infrastructure for increasing trust in virtual setting of internet and provide the facilities for purchasing electronics policy and by advertising and selling services on internet it can improve brand awareness among customers.

Company’s managers should consider brand phantasm as a key factor in strategic design, services development, staff behavior and etc. and they should try to meet customer’s satisfaction and by this way they can create an appropriate brand phantasm in customers’ mind.

Suggestions:
According to the first hypothesis that shows trust has a direct relationship with Iran insurance customer’s brand phantasm. It is suggested to Iran insurance managers to create and keep brand trust and create appropriate customer’s brand phantasm by trying to show brand stronger in customers mind and due to this they should supervise the performance of all agencies and check whether their performance is strong and correct. They should increase their agencies in cities and villages in order to show that Iran insurance company is dispersed all over the country and provide its services with the highest quality and appropriate price.

As this hypothesis shows trust has a positive effect on perceived quality of Iran insurance brand. It is suggested to Iran insurance managers and decision makers to select promotional programs that can increase customer’s trust toward insurance services price and satisfy them about the quality of provided services.

Based on third hypothesis trust has an impact on Iran insurance brand loyalty. Iran insurance managers should improve customers’ internal feeling and trust toward insurance company if they want to have loyal customers. In fact, this is trust which has the highest effect on customers’ brand loyalty. For example the customers are too faithful to mouth advertising and this has the highest impact on brand loyalty. Iran insurance can increase mouth advertising which can lead to brand loyalty by holding advertising campaigns and creating more organizational relationships.
As trust has a direct impact on brand awareness, it is suggested to Iran insurance managers to provide secure legitimate infrastructure for increasing trust in virtual setting of internet and provide the facilities for purchasing electronics policy and by advertising and selling services on internet it can improve brand awareness among customers.

Based on fifth hypothesis that shows customer satisfaction has an impact on brand phantasm. Company’s managers should consider brand phantasm as a key factor in strategic design, services development, staff behavior and etc. and they should try to meet customer’s satisfaction and by this way they can create an appropriate brand phantasm in customers’ mind.

Based on sixth hypothesis customer satisfaction has an effect on perceived quality. It is suggested to Iran insurance managers to specify impressive factors on customer satisfaction and by this way they can increase customers’ satisfaction and subsequently the perceived quality.

According to the fact that customer satisfaction can influence brand loyalty, Iran insurance company should investigate the effectiveness of appropriate brand creation process by measures such as customer satisfaction, the obtained value from customer etc. and by these activities it can specify and amplify the effective factors of brand loyalty.

Based on the fact that customer satisfaction can influence Iran insurance brand awareness. It is suggested to Iran insurance managers to inform their customers about purchasing electronic insurance with suitable methods and by increasing customers’ satisfaction of electronic insurance they can improve brand awareness among customers.
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