



EXPLORING IMPACT OF MARKETING MIX ON BRAND EQUITY IN INSURANCE INDUSTRY (CASE STUDY: ASIA INSURANCE FIRM, IRAN)

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ABSTRACT

The purpose of present study is to explore impact of marketing mix (price, firm image, distribution intensity, promotion and propaganda) on the brand equity of Asia Insurance Firm in view of its customers and prioritizing of these elements based on significance of their impacts. The statistical population includes customers of Asia Insurance Firm in Shiraz, IRAN. Data is collected using questionnaire. Data is analyzed using Correlation, Regression and Path Analyses methods. The results show that firm image and propaganda have more impact on the firm brand equity.

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Keywords: Brand, Marketing mix, Insurance industry of Iran, Asia insurance firm.

Contribution/ Originality

This study is one of very few studies which have investigated explore impact of marketing mix (price, firm image, distribution intensity, promotion and propaganda) on the brand equity in Insurance Industry of Iran.

1. INTRODUCTION

Until 1990s, there have been a few studies on the relationship between marketing mix elements and brand equity in view of customers; Barwise [1] maintained that although investigators are very interested in studying brand value and brand name, they have paid few attentions to impact of marketing activities on brand equity and their priority has been more the brand importance than the brand resources and its development [1]. Customer-perceived brand equity value can be a guide and a criterion in the firm activities framework to build a stronger brand. Higher brand equity value and brand name can enhance its potential choosing by customer [2] and it also leads to higher

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loyalty and higher inclination of customer to pay more and higher purchase by customer as well as lower susceptibility of firms in competitive market [3, 4].

Brand names can be assisted to carry out the strategies by understanding which element of brand equity impacts more on marketing mix. One of concerns for active insurance firms including Asia Insurance Firm in Iran is how to invest in marketing with optimum efficiency for the firm along with higher customer-perceived brand equity. Therefore, lacking the knowledge of higher priority resources for brand name and brand equity can distort market share of a firm with consequence of higher risk decision making about investment composition and lower efficiency of marketing activities. Hence, in present study, we seek an answer to the question “How is the impact of marketing mix elements on brand equity in insurance industry in Iran, specifically for Asia Insurance Firm?”

2. CONCEPTUAL BASIS OF THE STUDY

In this section, first we overview the elements of marketing mix and then brand name and brand equity and its dimensions are introduced.

- **Marketing mix elements:** classic marketing mix elements include product, price, distribution and promotion. Although Yoo, et al. [3] included price, customer-perceived firm image, distribution intensity, propaganda and promotion as marketing mix elements inspired from the classic ones, they suggested that these are more affective [3]. McCarthy [5] explained that marketing mix is an integrated part of choosing target market and all factors must be used simultaneously so that this strategy gets success [5].
- **Customer-perceived brand equity elements:** According to Aaker [6] these elements include:
 - **Perceived quality:** it is defined as mental perception of customer about the quality of a product. The more the perceived quality of a brand is, the more likely the brand would be chosen by customer.
 - **Brand loyalty:** According to Acker, brand loyalty is one of many brand equity basis one of which is the early experience of a brand use. Brand loyalty not only enhances business value but also it leads to lower expenses because it is many times more expensive to attract new customer than to retain current one.
 - **Brand awareness:** it is defined as to recall and to purchase a certain brand from a product group.
 - **Association:** it can be defined as anything which can remind a brand name. These are interrelated as an integrated network of brand knowledge [5].

3. STUDY BACKGROUND

Huang and Sarigöllü [7] evaluated the relationship of brand awareness with brand equity and marketing mix elements. The results showed that there are no relationships between brand value and sale rate and between market share and brand equity. It was not established that propaganda impacted on brand awareness. The analysis in that study showed that there were positive relationships between distribution and brand awareness and between price and propaganda [7].

Beristain and Zorrilla [8] evaluated a chain store image and prices in that store to explore how to elevate the brand equity of the chain store. The results showed that retailers perceive the store image as an important factor. In this study, there was a positive and significant relationship between brand image and quality, brand loyalty and brand awareness as well as there was a positive relationship between price and brand loyalty and a negative relationship between price and quality [8].

Nguyen, et al. [4] studied brand loyalty in cosmetics market in Thailand and Vietnam. The results showed that there is positive relationship between perceived quality and brand loyalty, between propaganda and brand awareness and between distribution systems and brand awareness in the both countries. There is relationship between brand awareness and brand loyalty only in Vietnam and there is relationship between propaganda and perceived quality only in Thailand. Finally they found no relationship between distribution system and perceived quality [4].

Kim and Hyum [9] explored combined impacts of marketing and brand image on brand name and brand equity in IT industry. They found that the combined impact shows positive relationship with brand equity and company image and modifies the combined impacts on the three elements of brand equity [9].

Kajouri [10] evaluated factors impacting on brand equity of insurance firms. The results show that perceived quality, brand loyalty and associations impact directly on insurance firm brand equity and brand awareness is not directly effective on brand equity [10].

Azadi [11] examined impact of marketing mix on customer's priority in terms of selecting an insurance firm. The results show that marketing mix impact on customer priority of insurance firm and the selection of an insurance firm by customer are more affected by factors including duration, human force, service, price, process, place, physical evidence, promotion and training, respectively [2].

Tong and Hawley [12] studied brand construct in clothing market in China and they found that store image, propaganda and higher sale including discount strategies and lower price can have positive impact on brand equity in China [12]. Villarejo-Ramos and Sanchez-Franco [13] in Spain studied relationship between some marketing mix elements and brand equity for stable products. The findings show that there are positive relationships between propaganda rate and three elements of brand equity (perceived quality, brand awareness and brand image). Higher prices impact negatively on brand. In addition, there found a positive relationship between brand awareness and brand image [13]. Yoo, et al. [14] studied perceived brand equity in view of customer of different products in diverse cultures. The results showed that customer- perceived brand equity has positive relationship with perceived quality of the brand name, brand loyalty and brand awareness. Brand quality and its associations impact on brand loyalty and then on brand equity [3].

4. CONCEPTUAL MODEL AND HYPOTHESES OF THE STUDY

In present study, the model of Yoo, et al. [3] is used. Their conceptual framework includes 5 variables for marketing mix and customer-perceived 3 dimensions for brand equity to examine relationship between marketing mix and brand equity as follows:

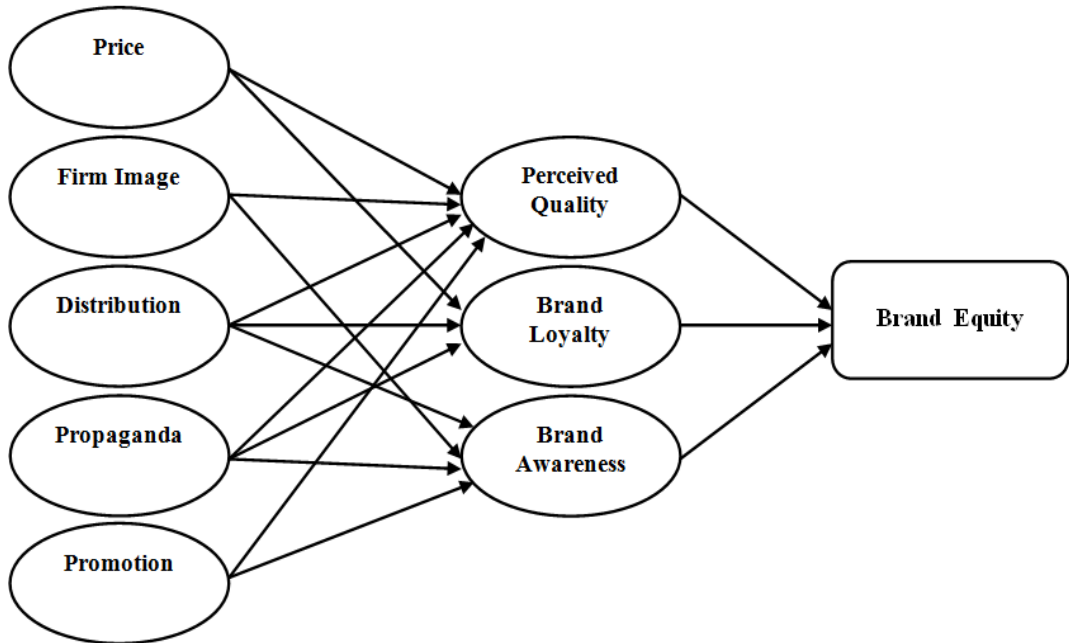


Figure-1. Conceptual Framework of the Study Yoo, et al. [3]

The hypotheses of the study:

1. There is a relationship between price and perceived quality.
2. There is a relationship between price and brand loyalty.
3. There is a relationship between firm image and perceived quality.
4. There is a relationship between distribution and perceived quality.
5. There is a relationship between propaganda and perceived quality.
6. There is a relationship between promotion and perceived quality.
7. There is a relationship between distribution and brand loyalty.
8. There is a relationship between propaganda and brand loyalty.
9. There is a relationship between firm image and brand awareness.
10. There is a relationship between distribution and brand awareness.
11. There is a relationship between propaganda and brand awareness.
12. There is a relationship between promotion and brand awareness.
13. There is a relationship between perceived quality and brand equity.
14. There is a relationship between brand loyalty and brand equity.
15. There is a relationship between brand awareness and brand equity.
16. There is a relationship between price and brand equity.
17. There is a relationship between firm image and brand equity.
18. There is a relationship between distribution and brand equity.
19. There is a relationship between propaganda and brand equity.
20. There is a relationship between promotion and brand equity.

5. METHODOLOGY OF STUDY

5.1. Statistical Population and Sample

It is notable that due to easy access of investigator to the statistical population, the population includes customers of Asia Insurance Firm in Shiraz, Iran. All customers of the firm who have referred to the firm during a week were 950 customers. The statistical sample (n=275) was selected using Kergsy-Morgan Table and simple random method.

5.2. Data Collection Instrument and Method

Data was collected using a questionnaire with 29 items. The questionnaire included the variables which have been indentified in Yoo, et al. [3]. The scale of the questionnaire was based on 5-point Likert's Model. The formal validity of the questionnaire was established because it was standard. The reliability was assessed by distributing it among 30 respondents and after data analysis its Cronbach's alpha was 0.791 which is higher than 0.7 so the reliability of the questionnaire was established.

5.3. Data Analysis Instrument and Method

SPSS software, Pierson Correlation and Path Analysis methods were used to analyze the data in this study.

6. DATA ANALYSIS RESULTS

Pierson Correlation Tests, Regression and Path Analyses were performed on the collected data in SPSS software. Since there were many hypotheses and a lot of output, we only present the inferred results from those tests. (it is noted that significance rate is 0.05 for the statistical inferences)

Table1 shows the analyses results. As it is seen, some of the hypotheses are rejected:

Table-1.

No. Of Hypothesis	Pierson Correlation Coefficient	Sig.	Result
1	0.019	0.064	Rejected
2	-0.215	0.012	Confirmed
3	0.438	0.033	Confirmed
4	0.218	0.481	Rejected
5	0.355	0.015	Confirmed
6	0.493	0.022	Confirmed
7	0.288	0.072	Rejected
8	0.184	0.044	Confirmed
9	0.421	0.000	Confirmed
10	0.317	0.0512	Rejected
11	0.582	0.011	Confirmed
12	0.419	0.04	Confirmed
13	0.627	0.000	Confirmed
14	0.688	0.000	Confirmed
15	0.472	0.033	Confirmed
			<i>Continue</i>

16	0.017	0.044	Confirmed
17	0.279	0.027	Confirmed
18	0.311	0.082	Rejected
19	0.219	0.014	Confirmed
20	0.315	0.000	Confirmed

In this study, we observed that marketing mix elements can impact on brand equity with different degrees and in different paths. Table2 shows the degrees of impact of marketing mix elements on brand equity of Asia Insurance Firm using Path Analysis Method with the highest degree for “brand image of the firm”. Degree of change for the brand equity of Asia Insurance Firm is 0.261 when the brand image of the firms changes one unit of standard deviation. The rankings of other elements are propaganda, promotion, price and distribution, respectively.

Table-2. Marketing mix elements rankings based on the degree of their impacts on brand equity

Rank	Effective Variable	Degree Of Impact
1	Firm Image	0.261
2	Propaganda	0.183
3	Promotion	0.117
4	Price	-0.103
5	Distribution	0.036

7. DISCUSSION AND CONCLUSION

In this study, the relationships between each element of marketing mix and brand equity of Asia Insurance firm was analyzed. The elements include price, brand image of the firm, distribution intensity, propaganda rate and sale increase. The relationship between each element of the marketing mix and the brand image of the firm is identified through 3 intrusive variables (perceived quality, brand loyalty, brand awareness and association) as three specific dimensions of brand equity.

The relationship of price variable with perceived quality was rejected and its relationship with brand loyalty was established. [Beristain and Zorrilla \[8\]](#) also achieved the same results indicating that there is a positive relationship between price and brand loyalty and a negative relationship between price and perceived quality.

The relationship between brand image of the firm and perceived quality of the brand as well as relationship between brand image and brand awareness were confirmed. The same results were reported by [Beristain and Zorrilla \[8\]](#). They indicate that the three dimensions of brand equity (brand quality, loyalty and awareness) have positive impacts on brand equity value.

The relationships between distribution variable and brand quality, loyalty and awareness were rejected, similar to [Nguyen, et al. \[4\]](#). But [Huang and Sarigöllü \[7\]](#) achieved different results.

The relationships between propaganda variable and brand quality, loyalty and awareness were established in the present study in contrast to [Huang and Sarigöllü \[7\]](#). But [Nguyen, et al. \[4\]](#) confirm that propaganda impacts on perceived quality.

Similar to Tong and Hawley [12], it was established that sale rise impacts on quality and brand awareness.

It is also confirmed that there are positive relationships between the three dimensions (quality, loyalty and awareness) and brand equity. In Asia Insurance firm, brand loyalty has stronger relationships with brand name and brand equity. As table 4 shows, marketing mix elements rankings based on their impacts on brand equity are image of firm, sale rise, propaganda, price and distribution, respectively.

As the results show, brand image, sale rise and propaganda have most impacts on brand equity. Then, followings are suggested:

- Asia Insurance Firm must promote its image properly with an appropriate strategy otherwise the firm would not be able to compensate the inevitable loss.
- It was also established that propaganda is significant element of brand equity of Asia Insurance Firm. Then, it is indicated that efficient propaganda strategies must be used in different fields of service as well as it seems essential to employ skillful personnel for designing in propaganda campaigns.
- In addition, the firm must not ignore designing sale rise strategies appropriate to customer's needs since it would impact positively on the brand equity.

8. SUGGESTIONS FOR FUTURE STUDIES

The results of studies on marketing mix elements differ for companies and even for different industries. Then, the results cannot be generalized. The conceptual model in this study was adopted from the model used by Yoo, et al. [3]. Other models also can be designed and tested for brand equity.

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