Influence of Brand Awareness on Buying Behavior of Insurance Consumers in Kenya

Authors: [1]Kangethe Gabriel Gitau, [2]Gilbert arap Bor, [3]Grace Mureithi

[1,2,3] Faculty of Marketing and Management School of Business,
Catholic University of Eastern Africa
P. O. Box 908-30100, Eldoret
Email: gabbygitau@outlook.com

ABSTRACT

Brand awareness measures the accessibility of the brand in memory and is measured through brand recall/brand recognition. In the context of a given specific product category, brand awareness counts up to be a key determining factor of consumer's buying behaviour as it enables consumers to recall the brand. Awareness is also associated with consumers' buying behaviour since it affects brand associations that form the brand image. This paper aims to examine the influence of brand awareness on consumer buying behavior of insurance companies in Kenya with reference to SMEs in Nairobi CBD. The study adopted a cross-sectional survey design. The target population was small and medium-sized enterprises (SME) consumers under tier one general insurance operating in the Nairobi Central Business District (CBD). Systematic sampling technique was used to select a sample of 153 respondents. Questionnaires were used as the main tools for collecting data. Both descriptive and inferential statistics were used to analyze the data. Linear regression model was used to bring out the relationship between brand awareness and buying behavior. The findings revealed that brand awareness has a positive influence on buying behavior of SMEs when buying insurance policies. The study concluded that improvement of brand awareness through various channels such as advertisements, promotional materials and sales personnel will significantly increase consumer buying behavior. It was recommended that for insurance 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 in order to improve on their brand awareness.

Keywords: *Brand awareness, brand image, brand recall/recognition, brand advertisement, buying behavior, Tier one insurance companies, Small and medium enterprises.*

1. INTRODUCTION

Consumer behavior is defined as the study of individuals, groups, or organizations and the processes they use to select, secure, use, re-use and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Bray, 2008). Understanding consumer behavior help sales and marketing personnel be able to establish consumption patterns and expectations of the consumers even though consumers' tastes and preferences are ever-changing. Studies on consumer behavior gives information regarding color, design, and size, among others. In other words, consumer behavior helps in formulating production policies. As a final point for effective market segmentation and target marketing, it is essential to understand consumers and their behavior (Brodie, 2013).

Globally, organizations have put in countless hours and resources to understand the dynamic nature of the consumers to produce brands that match the needs and wants of these consumers. How a consumer perceives a brand is mainly referred to as brand image (Keller, 1993). The Brand image is mainly as a result of consumers' perception and experience thus; a prudent and conscious consumer will only seek to purchase the brands that are very familiar to him or her and favourable as well (Shahid, Hussain & aZafar, 2017). Even the consumers interested in shopping a certain product; brand recognition remains the key and influencing factor in their buying behaviour (Chinomona & Maziriri, 2017). On the occasion that a consumer is purchasing a product and recall the name of the brand in his mind, this is an indication that he is highly aware of the brand in the context of a given specific product category. When these products satisfy its consumers, a sense of loyalty is gained by the brand while at the same time helping the company to advertise their brand through their word of mouth (Keller, 2003).

According to Zhang (2020), building a strong brand within consumers' minds depicts creation of a positive brand evaluation, a strong brand image, an accessible brand attitude which essentially is well known as awareness. Brand awareness is also referred to as brand knowledge and is defined as whether and when consumers know a product (Keller, 2001). Brand knowledge has been explained further by The Brand Knowledge Pyramid (Keller, 2001). According to The Brand Knowledge Pyramid, brand awareness refers to the extent to which consumers are aware of the existence of a brand and the product lines are associated with the brand. Brand awareness measures the accessibility of the brand in memory and is measured through brand recall/brand recognition. Brand recall reflects the ability of consumers to retrieve the brand from their memory given the product category; recall is measured both in depth (%) and width -cues that lead to brand recall- (Keller, 2003).

In the context of a given specific product category, brand awareness counts up to be a key determining factor of consumer's buying behaviour as it enables consumers to recall the brand. Awareness heightens up the probability that the brand is evoked within the consideration set (Keller, 1998). It also influences purchase behaviour regarding the brands within the consideration set, despite any brand associations not being present in the minds of the consumers. Awareness is also associated with consumers' buying behaviour since it affects brand associations that form the brand image (Aaker, 1991).

Quite a number of researchers and marketing experts have analyzed brand awareness and buying behaviour. Ardestani, Mirabi, Ali, Kazemi and Far (2014) carried out an empirical study to determine marketing advertisements effect on buying behavior within Insurance industry in Iran. The sample size of the study consisted 429 consumers which was measured and selected using random sampling method. It was established from survey results that marketing advertisements has a positive effect on purchasing behavior.

The purpose of Deog and Minjung (2016) study was to examine brand awareness in relation to cosmeceutical cosmetics and examine its influence on buying behavior, and to make evident how brand awareness impact buying behavior. This study summarized the relevant theory and research conducted via empirical survey in order to address the study objectives. The statistical findings show that brand awareness of cosmeceutical cosmetics positively

influence purchasing. Thus, brand identity and brand recall are positively related to consumer buying decision.

Shahid, Hussain and Zafar (2017) article reviewed about the brand image and brand awareness influence on the consumers purchasing intentions. The main objective of this research paper was to intricate the existing relationship between brand awareness-intention of consumer of buying that brand. The study reviewed different literature and articles published between 2000-2016 by different authors and industries. The paper concluded that consumers will prefer to buy the brand they know well since they are hesitant of buying new products. Thus, building a positive image of their brand, companies have to put extra effort.

In Kenya, Muigai (2017) examined the brand awareness influence on consumer buyer behavior of smartphones among millennials in United States International University. To what extent does brand awareness influence consumer buyer behavior was one of the questions posed. A sample size of 153 MBA students was included in the using cross sectional survey. Correlation and regression analysis were applied to determine the relationship between the dependent and independent variables. The statistical findings showed that brand awareness has a positive and statistically significant relationship with consumer buyer behavior among millennials.

All the studies have concluded that brand awareness has an influence on buying behavior in different industries and countries (Ardestani et al., 2014; Deog & Minjung, 2016; Shahid, Hussain & Zafar, 2017; Muigai, 2017). Therefore, it can be said that a product that has a higher brand awareness is definitely endowed with a high chance of market success while helping the company to gain profits. So, the purpose of the study was to know the effects of brand awareness on the buying behaviour of insurance customers in Kenya. Given such a prominent role played by brand awareness, this study intends to establish its influence on insurance consumers buying behaviour in Kenya. Therefore, this is essential as brand awareness is a base for all other dimensions of brand image. Second, it is crucial as it provides a view of insurances to stakeholders to take particular measures to achieve overall brand image. Therefore, this study intended to examine the influence of brand awareness on consumer buying behaviour of insurance companies in Kenya with reference to SMEs in Nairobi CBD.

2. METHODOLOGY

This study used cross-sectional survey research design. The target population for this study was SMEs, since they have a high-risk exposure and insurance can be a tool to hedge against this risky behaviour due to the stringent conditions that policy takers have to fulfil (Wangui & Tirimba, 2014). The study focused on SMEs within the Nairobi County Central Business District as consumers of insurance services. There are three tiers of insurance companies in Kenya, which are grouped according their customer base, market share and asset base (IRA, 2018). The study only focused on insurance companies in tier one. The selection of tier one insurance companies was based on the size of the market share, that is, market share above 5% for general insurers.

This study used Nassiuma's sampling formular to determine the sample size. This formular is recommended for use in instances where the target population is known (Nassiuma, 2000).

$n = Nc^2/(c^2 + (N-1) e^2)$

n= Sample size

N=Population size

C= Coeffecient of variation which is $0.21 \leq c \leq 30\%$

e^2= margin of error which is fixed betweem 2-5%

$$= \frac{7585(0.25)^2}{(0.25)^2 + (7585-1)_{(0.02)^2}}$$

n= 153 SMEs

The respondents were selected using systematic random sampling. Systematic random sampling is a procedure in which a starting point is selected by a random process and then every k^{th} number on the sampling frame is selected. To determine the kth the following formular was used;

$$k = \frac{N}{n}$$

k= Systematic sampling interval

N=Population size

s= Sample size

$$49 = \frac{7,585 \text{ SMEs}}{153 \text{ Sample size}}$$

Hence, every 49th SME in the sampling frame was selected.

Questionnaires were used as the main tools for collecting data. They were used since the study was concerned with variables that cannot be directly observed such as views, opinions, perceptions and feelings of the respondents. This technique was preferred because of the need to collect a lot of information over a short period. The data was analyzed using both descriptive and inferential statistics

3. RESULTS

3.1 Background Information

In this section, the study sought to establish the quantifiable characteristics of the sample in furtherance of being acquainted with background data that scrutinize what kind of group is. Thus, the study acquired; gender, level of education, duration worked in business, job designation, number of employees, duration using insurance and understanding of branding. Both gender from the sampled SMEs were equally represented; male 51.5% and female 48.5%.

Regarding the work duration, 43.7% have been operation in the business less than 5 years, 37.9 % of them have been in operation between 6-10 years, while 16.5% of them have been in the business between 11-15 years.

With reference to job designation, majority of the respondents (64.1%) were business owners while the rest (35.9%) were business managers. This means the respondents were aware of risks involved in the business.

Regarding education level, a considerable number of the respondents (38.8%) had attained secondary level followed by 37.9% who indicated that they had diploma, while 11.7% of them indicated that they have attained degree. The remaining 3.9% had attained master degrees.

With reference to the number of employees, a substantial number of the business owners and managers involved in the research (38.8%) stated that their SMEs have below 5 employees. Followed closely by respondents who have 6-10 employees which accounts for 32% of the business owners and managers interviewed, and then 26.2% stated that their SMEs had between 11-20 employees.

Regarding the duration the respondents had used the insurance, Slightly more than a half of the respondents (53.4%) indicated that they have used insurance services or covers for less than 2 years, while a third of them stated that they have used insurance services or covers between 2-5 years; and those who have used them between 6-10 years were 9.7% of the respondents.

3.2 Influence of Brand Awareness on Buying Behavior of Insurance Consumers

The study aimed at examining the level of brand awareness embraced by the SMEs in Nairobi CBD. In order to comprehend the purpose of the study, the researcher tried to find out the level of brand awareness embraced by SMEs in regards to various insurance brands in the market. The statements were indicated by Strongly disagree, Disagree, Undecided Agree,) Agree, Strongly Agree.

Table 1
Distribution of brand awareness and buying behavior

Statement	SA (F)	(%)	A (F)	(%)	UD (F)	(%)	D F)	(%)	SD (F)	(%)	Mean	Std Deviation
Advertisements influenced my awareness of the insurance company	26	25.2	63	61.2	7	6.8	7	6.8	-	-	1.9515	.77179
Recommendation from friend(s) and family influenced my awareness of the insurance company	47	45.6	37	35.9	12	11.7	7	6.8	-	-	1.7961	.90054
Company sales personnel influenced my awareness of the insurance company	12	11.7	36	35.0	43	41.7	8	7.8	4	3.9	2.5728	.93517
Promotional materials and events influenced my awareness of the insurance	13	12.6	43	41.7	32	31.1	13	12.6	2	1.9	2.4951	.93802

company											
I am familiar with my insurance company's social media platforms	28	27.2	46	44.7	27	26.2	2	1.9	-	-	2.0291	.78536

Majority of the respondents (61.2%) agreed to the statement that Advertisements influenced my awareness of the insurance company. This was further supported by 25.2% of them who strongly agreed with the statement.

In response to the statement "recommendation from friend(s) and family influenced my awareness of the insurance company", a significant number of the SMEs owners and managers (45.6%) strongly agreed to that statement. This was further supported by 35.9% of them who agreed with the statement.

A substantial portion of the respondents (46.1%) either strongly agreed or agreed to the statement that Company sales personnel influenced my awareness of the insurance company. However, slightly more than a third of them (41.7) % of them were undecided on the statement.

Majority of the SMEs owners and managers (54.3 %) either strongly agreed or agreed that Promotional materials and events influenced my awareness of the insurance company. However, 31.1% of them were undecided and 1.9% of them strongly disagreed to the statement.

When asked if they are familiar with their insurance company's social media platforms, considerable number of the respondents (44.7%) agreed to that statement. Moreover, this was further supported by slightly more than a quarter of them (27.2%) who strongly agreed with the statement.

The researcher was then interested in knowing the extent does brand awareness influence SMEs owners and managers buying behaviour. Figure 1 shows the distribution of the respondents.
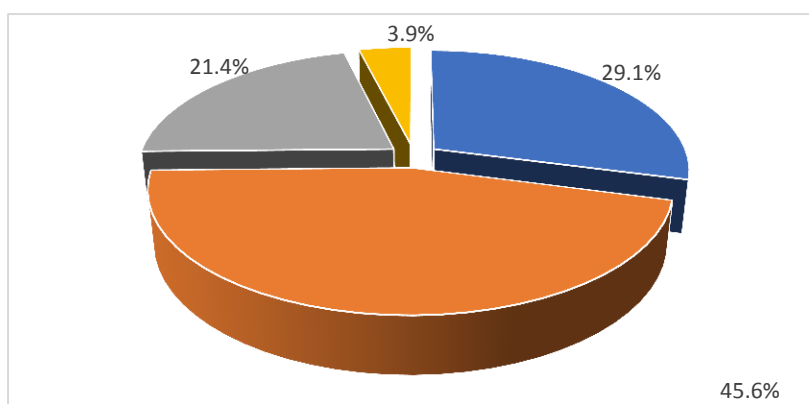
Figure 1 Distribution of the extent brand awareness influences consumer buying behaviour

In response to establish how brand awareness influence SMEs owners and managers buying preference, a considerable portion of the respondents (45.6%) indicated that brand awareness has influenced them at great extent, followed by the portion that stated that it has influenced them at a very great extent.

3.3 Linear Regression
In order to identify any statistically significant relationship between brand awareness and buying behaviour of insurance customers, regression tests were run considering the following hypothesis:
H1: Brand awareness has a significant influence on buying behaviour of insurance consumers in Kenya.

Table 2
Coefficients

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	7.472	.315		4.671	.000
Brand awareness	.375	.095	.281	2.1796	.000
a. Dependent Variable: Buying behavior					

As per the regression model above, brand awareness has significant impact on buying behaviour in which $p = < 0.05$. The effect of brand awareness reveals that a one unit change in brand awareness results to a 0.375- change in buying behaviour. As such, the regression model between brand awareness and buying behaviour indicates that brand awareness where ($p = 0.000$ and $\beta = 0.375$) significantly influences buying behaviour.

Overall, these findings are complemented by the study regression results that indicate brand awareness is significantly associated with consumer buying behavior. Thus, study results indicate that improvement of brand awareness through various channels such as advertisements, promotional materials and sales personnel will significantly increase consumer buying behavior.

4. DISCUSSION
The study sought to find out the extent to which brand awareness influences buying behavior. The findings show that advertisements, promotional materials and sales personnel are key in influencing SMEs owners in purchasing the insurance brands. This is an indication that SMEs owners and managers are invariably influenced by lucrative advertisements and promotional materials in their decision to purchase. The study also established that recommendation from friend(s) and family influenced their awareness of the insurance brand or company. This can be explained by the fact that most consumers chose to trust their friends and families when

making purchase decisions owing to their experience of using a certain brand or product. The results further show that SMEs are familiar with social media platforms of various insurance companies. Thus, carefully crafted strategy for each social media platform can boost brand awareness of insurance companies. Overall, these findings are complemented by the study regression results that indicate brand awareness is significantly associated with consumer buying behavior. Thus, overall, H1 has been accepted in this research. The study results indicate that improvement of brand awareness through various channels such as advertisements, promotional materials and sales personnel will significantly increase consumer buying behavior. In line with findings, Ardestani et al. (2014) carried out an empirical study to determined marketing advertisements and price promotion effect on buying behavior within Insurance industry in Iran and established a positive and significant relation. Similarly, Shahid Hussain and Zafar (2017) concluded that consumers will prefer to buy the brand they know well since they are hesitant of buying new products. Thus, building a positive image of their brand, companies will have to put extra effort in creating awareness of their products.

5. CONCLUSION

The study concluded that improvement of brand awareness through various channels such as advertisements, promotional materials and sales personnel significantly increases consumer buying behavior. Thus, consumers prefer to buy the brand they know well since they are hesitant of buying new products. The study recommends that for insurance 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.

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