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Investigating the effect of customer experience and brand affinity on brand equity with the mediating role of customer satisfaction in Iran Insurance Company

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Abstract: *Given the intensity of competition in the insurance industry, brand equity as the most valuable intangible assets of any organization will distinguish it from other competitors and the characteristics of the added values of products and services and makes the product by customers and to serve them. Recognize the importance of customer value creation, preservation and enhancement of customer-based brand equity will be possible. Powerful penetration, favorable and unique in customers' minds huge profits for insurance companies in the long term will bring. Brand equity direct and positive relationship with profitability, performance and competitive advantage. Therefore, identifying factors that influence on brand equity is an important issue for the purpose of this study was to examine the impact of customer experience, attachment to the brand and customer satisfaction (as a mediator) Insurance brand equity value of Iran (Tehran branch) addressed. This descriptive correlational study. Referring Iran Insurance branches were selected using cluster sampling. After distributing and collecting questionnaires among participants with SMART PLS Partial Least Squares software version 2.2 was analyzed. Accepted hypothesis is statistically significant and the impact of independent variables on the dependent variable (main and intermediate) is positive. Another point that should be mentioned is that the indirect impact of the independent variable customer experience and brand attachment to their more direct effect on the dependent variable is the brand equity. This indicates that customer satisfaction is an important mediating variable that most impact the customer experience and brand attachment on brand equity through this variable is possible. This means that the main objective of "the mediating role of customer satisfaction in relation to the attachment to the brand and customer experience with the brand equity in the insurance Iran" has been realized.*

Keywords: *Interest to the brand, customer experience, customer satisfaction, brand equity, insurance Iran, mediator variable.*

I. Introduction

The brand is a strategic requirement that helps organizations in order to create more value for customers and also to create sustainable competitive advantages (Keller, 2008). Brand is a means to detect and identify the product that is a factor in new product offering (Ahmet, 2010: 120). Successful brands caused to increase confidence in the intangible products and services and customers are able to visualize and identify better their services. Key management and brand development is understanding and recognition of the fact that customers are looking for what the advantages.

Since today's customers are demanding more than before, they are not just looking for functional benefits but also are looking for tangible benefits such as prestige, status, personality, lifestyle, and other factors that could establish a solid relationship with them as well. So what customers are looking for is a list of features that goes beyond the physical and tangible dimensions of the product. The added value or increasing usefulness of the product that comes with brand, is said to be called brand equity. Brand equity is taken into consideration as one of the most important and sensitive issues which should be discussed and identified in marketing, (Azizi and Azhini, 2012). Studies have been conducted on the brand issue indicate that indicators such as brand awareness, brand loyalty and perceived quality (as factors influencing brand equity,) are directly related to the operational and financial indicators such as profitability and performance of Brand in market. To create value for customer is caused to achieve financial benefits further for the organization (Nopasand, 2012).

The insurance industry as an important economic infrastructure is effective in many economic and social relations in country; this effect shows itself sometimes openly and sometimes hidden. (Central Insurance of Iran, 2015)

But currently the outstanding features of insurance industry in Iran include cases such as a competitive market, and insurance policies with reduction the increasingly final benefit and pricing with no tariff (Hassanzadeh, 1998). However, one of the biggest problems that insurance companies confront with that in creating brand equity is

subjective presupposition about financial services companies. Most consumers do not distinct properly between different sectors of financial services.

According to what was said earlier, we discussed at the research about this issue that:

How is the impact of Interest to the brand and customer experience on brand equity in the Iran insurance and if the variable of customer satisfaction has the role of mediator in this relationship?

II. Research Generalities

A. The importance of necessity of research

Many scholars marketing world believe that the most valuable intangible assets of the organization is brand equity (Schlager *et al.*, 2011) which adds to other features and values of the product and is caused to choose the product by the consumer (Khalili, 2011: 22). In the meantime, customer Interest to the brand will be a decisive factor in the success of the organization and to achieve a capable competitive lever (Abouei, 2013: 9)

Also within the today business, achieving the customer satisfaction have been mentioned as the most important tasks and priorities management of companies and have been taken into account constant and stable requirement of commitment of the senior managers to attract the customer satisfaction as a main precondition for success. The awareness of organization subjective image for customers has been taken into account as precondition for success (Dilkort, 2012: 11).

In a competitive, complex and dynamic environment also the insurance industry, the slightest difference in providing services is led to huge transfers in the industry. In our country the insurance industry is one of the largest service sectors that have considerable influences on macroeconomic and trade environment. Insurances are rapidly changing due to the increasing demands of customers and competitive insurance markets. Insurance can create a unique identity and relationships, simplify the choice, reduce searching activities and reduce the risks of purchase through effective brand. Therefore, more and more accurate understanding of concepts such as brand equity and structures that are formed it knowledge of authorities has deepened this area and provide the better design and planning in the field of activities related to marketing communications and branding in the insurance industry.

III. Theoretical Foundations

A. Background of research

A1. Internal background of research

1. Ahmadi *et al* (2014) conducted the research entitled by glance at the brand identity and its impact on brand loyalty and brand equity. Based on the findings of research, the impact of brand identity was confirmed on both the concept of brand loyalty and brand equity in foodstuff industry.

2. The research of Dehdashti Shahrookh *et al* (2012) conducted with the title of factors influencing on brand equity of the insurance companies from the view of clients. The results show that perceived quality, brand loyalty and evokers affect directly brand equity of insurance companies and brand awareness is not directly effective on brand equity.

A.2. External Background of the research

1. Kristalis and Chery Secho (2014) have conducted a research entitled effects of brand dimensions of services on brand loyalty. The results of research showed that brand evidences have a significant impact on consumer satisfaction, attitude, and behavior loyalty toward services brand. Components of controlled communications services (i.e. advertisements and promotions) have no effect on customer satisfaction of service brand

2. Rambkas *et al* (2014) in their research entitled creating brand equity in the banking in Trinidad and Tobago concluded that customer satisfaction has mediating role in brand equity. The results show the fundamental role of Interest to the brand, customer satisfaction and customer experience in creating brand equity.

B. Theoretical definitions of research

Perceive the brand equity

The brand equity in this study includes concepts such as insurance attractiveness for customer, respect for the customer, customer commitment to the insurance and having positive feelings toward insurance.

Customer satisfaction

The definition of customer satisfaction that is accepted by many experts is as: customer satisfaction is a result that is obtained by comparing before purchasing the customer of expected performance with actual perceived performance and paid cost.

Customer Experience

In this research, our meaning of this variable are concepts such as insurance modern design of the opinion of customer, providing insurance quick service , cooperation of insurance staff, being superior the services to other insurances.

Interest to the brand

Interest to the brand includes concepts such as customer emotional relationship with insurance, being interested the customer to the insurance, being unique the insurance of the vision of customer, Insurance fit with the character of the customer in this the research.

C. Conceptual Model of research

The research model is derived from the model Rambkas and colleagues in 2014 that in this research by using the variables of this model was studied the effect of customer experience and Interest to the brand on value brand equity with the role of mediator of customer satisfaction.

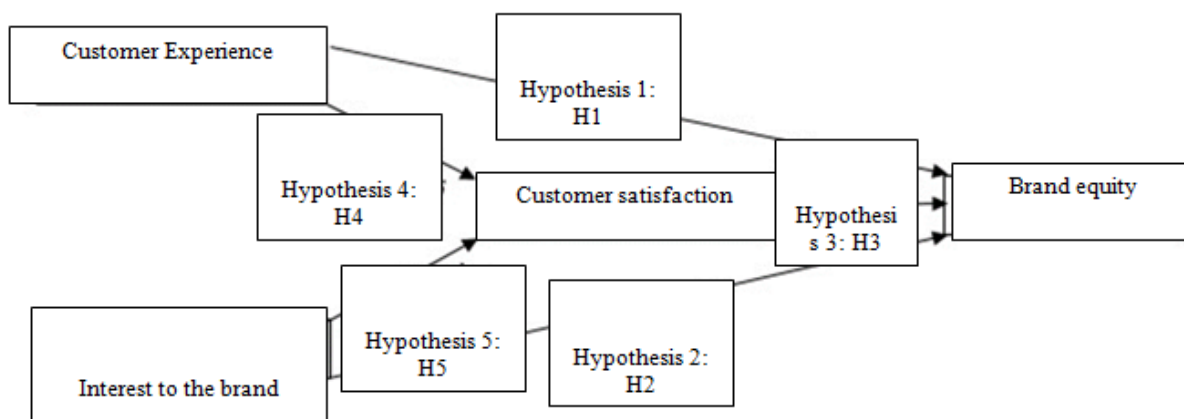


Figure 1: Conceptual model of the research derived from Rambkas and colleagues (2014)

D. Research hypothesis

1. The customer experience has a positive effect on the brand equity of insurance
2. Interest to the brand of Iran Insurance has positive impact on its brand equity
3. Customer satisfaction of Iran Insurance has a positive impact on its brand equity
4. Customer satisfaction as a mediator variable has a positive impact on customer experience and brand equity of Iran Insurance.
5. Customer satisfaction as a mediator variable has a positive impact on the Interest to the brand of Iran Insurance and brand equity.

IV. Research method

Research method can be set of rules and tools and systematic and reliable ways for checking the realities, discover unknowns and achieve a solution for problems. In human sciences has been done different classifications of research method (Khaki, 2007: 142). This present research is applied in terms of purpose and in terms of data collection method of research is descriptive and correlational. At this stage, researcher for achieving secondary data has examined the books, journals, articles and other documents existing at the specific libraries and the World Wide Internet. For achieving the initial data for the analysis was used a questionnaire the research questionnaire of Rambkas, et al (2014) to collect customer opinions of Tehran Province branches of Iran Insurance. This questionnaire was investigated after translation and original writing, by supervisors and advisors (face validity of the questionnaire) and after fixing bugs and reform of writing, validity of the questionnaire was confirmed by the research professors. In order to evaluate the reliability of assessment tools, mentioned questionnaire was distributed among 28 studied people to estimate Cronbach's alpha coefficient. Cronbach's alpha coefficient was estimated more than 7/0 about studied variables, so reliability of questionnaire was confirmed hereby. Standardized questionnaire by described method, were distributed to collect the data between studied people.

V. Data analysis

A. Descriptive statistical analysis

Summary of descriptive statistics of research data is as follows:

Gender: Frequency in men is more than women.

Age: Most of the studied people were between the ages of 20 to 50 years (83.6 percent of the people) and were male.

Education: And about 50 percent of those surveyed people have a diploma and an associate degree level.

Sex: The More of surveyed people were married (65.9 percent)

Occupation: Results of table indicate the fact that more studied people were self-employed (42.2percent) in the first grade and employee (34.3 percent) in the second grade.

Insurance: in this study the majority of studied people had car insurance (71.7% of the people).

Table 1: Frequency distribution in terms of gender, age, education, marital status, occupation and Insurance

		Frequency	Percentage
Gender	Male	282	76.8
	Female	85	23.2
	total	367	100.0
Age	20 years>	16	4.4
	20-35 years	188	51.2
	36-50 years	119	32.4
	> 50 years	44	12.0
	total	367	100.0
education	Under Diploma	64	17.4
	Diploma and Associate Degree	183	49.9
	BS	94	25.6
	MSc	24	6.5
	P.H.D	2	0.5
	total	367	100.0
Married	Single	125	34.1
	Married	242	65.9
	total	367	100.0
Job	Employee	126	34.3
	Free	155	42.2
	Jobless	42	11.4
	Retirement	26	7.1
	Other	18	4.9
	total	367	100.0
Insurance	Machine	263	71.7
	Treatment	3	.8
	Fires	6	1.6
	Responsibility and Engineering	1	.3
	Life and events	1	.3
	Freight	21	5.7
	Car and treatment	5	1.4
	Car and fire	9	2.5
	Car and liability and Engineering	9	2.5
	Car and life and events	1	.3
	Car and freight	34	9.3
	Cars and other *	14	3.8
	total	367	100.0

B. Inferential statistics

B.1. The research population normality test

Kolmogorov-Smirnov test was used for this purpose; the results of this test have been shown in the table:

H0: population distribution is not normal

H1: Distribution of population is normal

Table 2: Results of Kolmogorov-Smirnov test

		TQ customer experience	DQ Interest to the brand	RQ customer satisfaction	AQ brand equity
Number		390	390	390	390
Most standard deviation	Mean	22.3000	22.09	29.7	15.30
	Standard deviation	4.55469	4.54	5.8	3.228
	Absolute	0.106	0.120	0.110	.153
	Positive	0.057	0.066	.067	.118
		Negative	-0.106	-0.110	-.153
Z statistic value		2.086	2.37	2.176	3.021
Sig value		.000	.000	.000	.000

As the results show sig amount is less than 0.05 in all the variables so cannot be confirmed H1 assumption in terms of normality the society. Due to the not being normality the society in continue each hypotheses of research is by using the significant test of paths through the procedure of making autonomous or Bootstrap by using the SmartPLS software.

B.2. Research hypotheses test

At this stage of research has been investigated the effects of customer experience and Interest to the brand on brand equity and also mediating role of customer satisfaction with the help of structural equation method based on the model of partial least squares and SmartPLS software in both states of significant numbers (for investigating the hypotheses) and standard estimation (to determine the intense impact of variables on each other) that the results of that can be seen in the table.

Table 18: The results of structural equation model with partial least squares approach

Hypothesis test result	Path coefficient	Significant numbers	Structural Path
Acceptance of hypothesis			direct impact
Acceptance of hypothesis	0.18	3.21	Customer experience, $\longrightarrow$ brand equity
Acceptance of hypothesis	0.15	2.66	Interest to the brand, $\longrightarrow$ brand equity
Acceptance of hypothesis	0.53	9.60	Customer satisfaction, $\longrightarrow$ brand equity
Acceptance of hypothesis			Indirect effect
Acceptance of hypothesis	0.28	30.7	Customer experience $\longrightarrow$ Customer satisfaction, brand equity
Acceptance of hypothesis	0.2	60.3	Interest to the brand, $\longrightarrow$ customer satisfaction, brand equity
Hypothesis test result			Effect of independent variables
Rash used across hypothesis	0.46	33.9	Customer experience, $\longrightarrow$ brand equity
Acceptance of hypothesis	0.35	62.9	Interest to the brand, $\longrightarrow$ brand equity

The results of above table indicate that the 5 studied hypotheses be statistically significant in this research. (Two hypotheses about the effects of whole independent variables have been examined in the other 5 hypotheses) the effect of independent variables on the dependent variable (main and intermediate) is positive. The greatest impact on brand equity variable (dependent variable) has the variable of customer satisfaction as a mediator variable (0.53) and in the second rank the customer experience (0.46) has the greatest influence on brand equity while the Interest to the brand has the least effect (0.35). Another point that should be noted is that the indirect effect of the independent variables of customer experience and Interest to the brand is more than their direct impact on dependent variable of brand equity. This indicates this fact that customer satisfaction is an important mediating variable that more effect of customer experience and Interest to the brand on the brand equity is through this variable.

VI. Conclusion

Overall, it can be concluded that the three variables of Interest to the brand, customer experience in the use of insurance services and customer satisfaction on brand equity of Iran insurance are effective. And among them the role of customer satisfaction is more. So Iran Insurance in order to be able to increase its brand value, it is necessary

to pay more attention to the components of these variables (especially on components of customer satisfaction) so that in its short-term and long-term programs emphasizes on customer satisfaction.

Also provide the context so that the personnel can obtain necessary training in the field of human communication to transfer the sense of trust and Interest to customers. This leads to optimal customer experience of relation with Iran Insurance. Increasing the Interest to the brand of Iran Insurance, good customer experience and their satisfaction of Iran Insurance cause that Iran Insurance can maintain and keep its customers in long-term that this is the same increasing brand equity of Iran Insurance.

A. Suggestions

Brand equity is marginal utility or added values that the product (good) or services provided by the brand. Brand equity is considered as an asset for the company that increases business cash flow. Brand equity is a multidimensional concept that it can be increased by strengthening its dimensions.

For this purpose in this research is considered three dimensions of Interest to the brand, customer experience and customer satisfaction on brand equity of Iran Insurance. That these factors had a significant and positive effect on the brand equity of Iran Insurance. Customer satisfaction with its direct effect, is effective as an intermediate variable of brand equity. Therefore, in addition to these results, this insurance is suggested to managers and policy makers of Iran Insurance in order to increase brand equity:

A.1. Suggestions based on the results of hypothesis test

By considering this that customer experience has effect on brand equity, Iran Insurance Company management must act the necessary measures in this regard besides to pay attention to this issue. In competitive conditions of the existing markets obtaining proper position in order to keep customers in long term is depend on the customer experience of answering of service providers. Modern design of insurance branches, speed and response timely, and spending enough time the staff for referring clients to insurance branches, better services of Iran insurance than other insurance companies and the confidence of customers to this insurance of the factors that are effective on customers' experience and mind. Therefore, adequate attention of managers is proposed at different levels to these cases to promote brand equity. With regard to the Interest to the brand that has a significant and positive effect on the brand equity of Iran Insurance. Therefore, it is necessary to pay attention the management of the Iran Insurance Company to this issue and to take appropriate measures in this field that are caused to increase Interest to it. These measures should focus on cases such as feelings, emotions, feelings and personality of its customers and to provide unique services with regards to tastes of its diverse customers so that customers have sense of friendship with this insurance.

Customer satisfaction is another important variable that was shown in this study that have a positive impact on brand equity and on the other hand as a mediator variable acts on influence between customer experience and Interest to the brand with brand equity. Therefore, its role in increasing brand equity is highlighted. Therefore, it is suggested that managers and policy makers of Iran Insurance have deserving attention to the customer satisfaction. It is necessary that managers to increase customer satisfaction pay attention to expectations, needs, interests and being satisfied and happy of customers at time of receive services. Until can satisfy the customers to improve its brand equity with regards to that customer satisfaction has very important effect on brand equity of Iran Insurance. Therefore it is important that Iran Insurance organization considers this important slogan "the right is with customer" as its priorities and remind this slogan periodically to its staff and install signs with this content at the place of agencies.

A2. Practical suggestions

With regards to that Iran Insurance Company is the provider of a service company and behavioral and communication variable (Factors affecting the customer experience, Interest to the brand and customer satisfaction) have a significant effect on brand equity. so it is suggested to improve the personnel relationships with customers, are used measures such as collecting training manuals to train effective communications, holding conferences and lectures about strengthening the capabilities of personnel in the use of correct and logical ways of dealing with customers and respectfully solve the problems and issues in the field of relationship with the customer.

As at part of the open question of the questionnaire was observed, a number of customers of car insurance complained of the way of payment the compensation and its slow process so it is suggested that managers to improve the payment of compensation utilize more mobile staff and with regards to most referring to this organization is for the insurance of the car, so the organization pay more attention to demands of these customers because these people play a important role in valuation the brand of Iran Insurance.

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