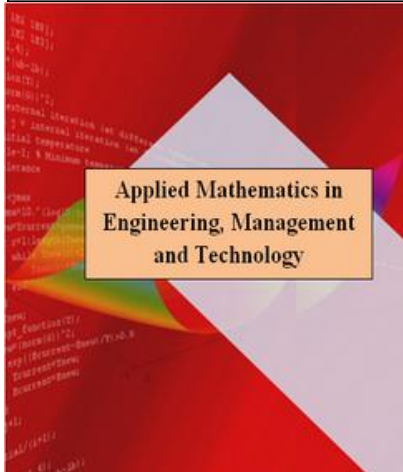


Effects of Brand Social Identity Perspective on Brand Loyalty in Mihan Insurance Company

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Abstract

The concept of brand identity which is an interorganizational element and one of the main topics in brand and marketing has been less considered. Accordingly, the purpose of this study is to identify the impact of social identity of brand on brand loyalty in Mihan insurance company in Saveh city. For this purpose, the descriptive survey was used. The research data were collected through a questionnaire consisted of 342 clients of Mihan insurance company and the descriptive statistics and inferential statistics (Pearson correlation coefficient test, regression and structural equation) was used to analyze the data. Findings showed that brand identity has an impact on, brand trust, brand value, customer satisfaction and brand loyalty. The findings show that brand value has an effect on customer satisfaction and brand trust in the brand, and customer satisfaction on brand trust and brand trust on brand loyalty in Mihan insurance company.

Keywords: brand identity, brand loyalty, brand trust, brand value, customer satisfaction, the Mihan insurance company

Introduction

Recognition of the psychological process of consumer loyalty to the brand is a central subject in marketing research (Chaudhuri et al., 2001). One of the main aims of the brand owners to develop it is creating customer loyalty to their brand. Loyal customers are considered as a reliable source of profitability for the companies and given the uncertainty of the environment, an appropriate safety margin is provided for them. One of the ways of creating brand loyalty in customers is developing an appropriate identity for the brand. Brands identified themselves to customers by identity and are distinguished from competitors. Professor John Kapferer believes that having an identity means your existence as you are, following a fixed pattern, but your individual one (Kapferer, 2008). Brand identity, unlike concepts such as customer trust which is an external factor, is an internal factor which is effective in the formation of customer loyalty (Burmam et al, 2009). Unfortunately, in the literature of brand, insufficient attention is given to brand identity and its relationship with brand loyalty formation and development and no coherent framework exists about it. But in some recent research, the impact of brand identity on consumer loyalty to the brand is mentioned (e.g., He and Lee, 2010; Marin et al, 2009), and little research have comprehensively and systematically examined the effect of brand identity on loyalty (e.g., He, et al, 2011). Given the literature mentioned, the main problem of this study is whether brands have certain social identity? Can social identity be involved in customer loyalty? Thus, the researcher in this study tried to examine the role of social identity on the development of brand loyalty. Today, brand and trademark are one of the most important issues facing all companies, including insurance companies. The importance is so that brand management has become an independent discipline in scientific circles. Brands economically and strategically are considered as valuable corporate assets and without exaggeration one of the most valuable assets. In recent years, researchers have concluded that the real value of the goods and services for the companies is not in their products and services, but the value is in the minds of real and potential customers and this is the brand that creates real value in customer mind. (Keller, 2008)

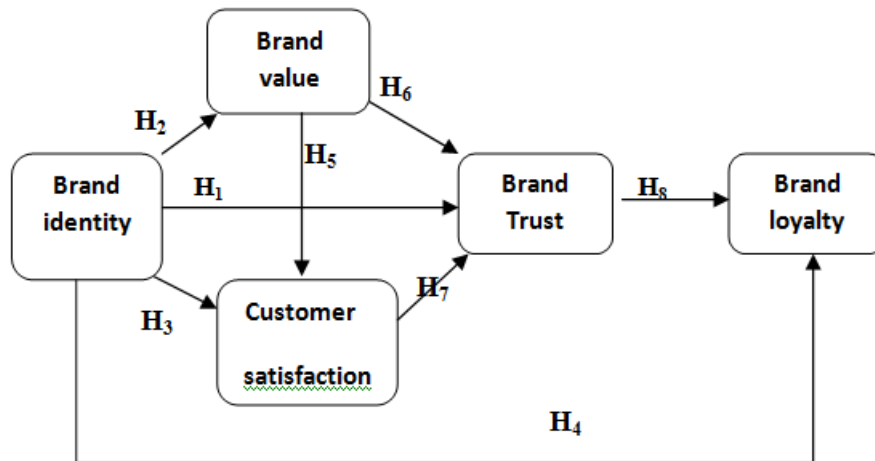


Figure 1: Research model (He et al., 2011)

Research method

The present study in terms of nature is descriptive - survey and in terms of purpose is practical. The research statistical population consisted of all clients of Mihan insurance company. In this investigation, due to the extensive community on one hand and on the other hand, since the number of the samples is limited, the Cochran formula used is as follows to determine the minimum sample size required.

$$n = \frac{z^2 pq}{d^2}$$

By replacing the parameters in the formula, the sample size required is 385 which was the basis for the analysis. The sampling method in the study is purposeful. After running the questionnaire, 342 questionnaires were completely prepared for analysis and were examined.

Data collection methods and tools

Data collection in this study was conducted in two ways: desk and field research. A questionnaire was used to collect data that the first section contained demographic information (sex, age, educational level, etc.). The second part of the questionnaire contained 17 close-ended questions on 5 points Likert scale to measure the perceived value (3 items), brand equity (6 items), customer satisfaction (4 items) and brand loyalty (4 items), and the third part of the questionnaire contained 35 close-ended questions in 5-point Likert scale to measure the brand identity. The respondent provides his answer by selecting one of the options "strongly disagree, disagree, neither agree nor disagree, agree, strongly agree". In the range, if we move from strongly disagree to strongly agree indicate that the selection point has a better condition in the environment.

Reliability and validity of research

In this study, in order to ensure the connection between test and the measured characteristics, while studying the available books, the supervisors were consulted and their opinion and advice was applied in the preparation and modification of the questionnaire and to fix the primary shortcomings, it was distributed as pre-pilot among 8 subjects of the target population, and after fixing the initial shortcomings, the questionnaires were confirmed by

Supervisor. Finally, a questionnaire with 17 items and 35 items were prepared and developed and were distributed among the target population. To achieve the reliability, the estimation of Cronbach's alpha coefficient was used (Nunnally, 1978), that the Cronbach's alpha coefficient of a 17-item questionnaire was calculated 0.844 and for brand identity questionnaire 0.92 using SPSS. Since the alpha is in the interval (0-1), the value obtained is high in terms of reliability.

Table 1: Determination of questionnaire reliability using Cronbach's alpha.

Row	Components	Number of Questionnaires	Number of Questions	Cronbach's alpha coefficients
1	Value	1 to 3	3	0.840
2	Name credit	4 to 9	6	0.840
3	Satisfaction	10 to 13	4	0.872
4	Loyalty	14 to 16	4	0.838
5	Total questionnaire, first part	1 to 17	17	0.847
6	Brand identity	1 to 35	35	0.925

Data analysis

To analyze the data collected, first the descriptive statistics were examined that studies the demographic variables, including age, gender, marital status, occupation, education, income, etc. Then, the analytical statistics were presented. In the analytical statistics of the research, structural equations were used to test the relations' significance and measurement models. In order to investigate the relationship between the research hypotheses individually and in general, Pearson correlation, regression and structural equation model were used.

Table2: Results of Kolmogorov-Smirnov test for study of normality of the data

Test indicator	Brand identity	Brand value	Customer Satisfaction	Brand Trust	Brand loyalty
Z value	1.014	1.082	1.351	0.941	0.830
Significance level	0.255	0.214	0.025	0.339	0.496

Based on the results obtained, given that the test value is not significant at 0.05 level, so we can conclude that the studied data have normal condition and the condition is ready for the use of parametric tests.

Table3: Correlation matrix in examining the relationship between the studied elements

Variables	Brand identity	Brand value	Customer Satisfaction	Brand Trust	Brand loyalty
Brand identity	1				
Brand value	.350 **	1			
Customer Satisfaction	.481 **	.264 **	1		
Brand Trust	.342 **	.446 **	.447 **	1	
Brand loyalty	.372 **	.318 **	.713 **	.484 **	1

** 342 p < 0.01 = number of samples

Results of Pearson correlation coefficients in Table 10-4 indicate a significant relationship between the variables under study. Meanwhile, the maximum correlation in this matrix is in the relationship between customer satisfaction and brand loyalty with an amount of $r = 0.713$. The minimum correlation is in the relationship between customer satisfaction and brand value with an amount of $r = 0.264$.

Table4: Indicators of model fitting using structural equation software

Row	Model index	Permissible range	The calculated values of model
1	AGFI	0.9 and higher	0.97
2	IFI	0.9 and higher	0.98
3	CFI	0.9 and higher	0.98
4	RMSEA	Less than 0.08	0.029
5	χ^2 / df	χ^2 / df less than 3	1.49

By calculating the appropriate indicators of measuring the relationship among the studied components shows that the obtained model of the analysis has a good fit. We can use this model to measure the relationship between the studied components.

Table5: Results of testing hypotheses

Hypothesis	β Standard parameter	Standard error	T	Test result
1. Impact of brand identity on brand trust	0.342	0.012	6.719**	Confirmed
2. Impact of brand identity on brand value	0.350	0.006/0	6.9**	Confirmed
3. Impact of brand identity on customer satisfaction	0.481	0.01	10.105**	Confirmed
4. Impact of brand identity on brand loyalty	0.372	0.007	7.38**	Confirmed
5. Impact of brand value on customer satisfaction	0.264	0.09	5.05**	Confirmed
6. Impact of brand value on brand trust	0.446	0.09	18.09**	Confirmed
7. Impact of customer satisfaction on brand trust	0.447	0.05	9.2**	Confirmed
8. Impact on brand trust on brand loyalty	0.484	0.02	2.18**	Confirmed

$P < 0.05^{**}$

First hypothesis testing

Significance of standard factor is related to direct positive effect of brand identity on the **brand trust**. Based on this standard factor, brand identity has a role as 0.342 in explanation of **brand trust** variance. In other words, with any change in the brand identity variance, a **brand trust** variance changes as 0.342.

Second hypothesis testing

Significance of standard factor is related to direct positive effect of brand identity on the **brand value**. Based on this standard factor, brand identity has a role as 0.350 in explanation of **brand value** variance. In other words, with any change in the brand identity variance, the **brand value** variance changes as 0.350.

Third hypothesis testing

Significance of standard factor is related to direct positive effect of brand identity on the **customer satisfaction**. Based on this standard factor, brand identity has a role as 0.481 in explanation of **customer satisfaction** variance. In other words, with any change in the brand identity variance, a **customer satisfaction** variance changes as 0.481.

Fourth hypothesis testing

Significance of standard factor is related to direct positive effect of brand identity on the **brand loyalty**. Based on this standard factor, brand identity has a role as 0.372 in explanation of **brand loyalty** variance. In other words, with any change in the brand identity variance, the **brand loyalty** variance changes as 0.372.

Fifth hypothesis testing

Significance of standard factor is related to direct positive effect of brand value on the **customer satisfaction**. Based on this standard factor, brand value has a role as 0.264 in explanation of **customer satisfaction** variance. In other words, with any change in the brand value variance, the **customer satisfaction** variance changes as 0.264.

Sixth hypothesis testing

Significance of standard factor is related to direct positive effect of brand value on the **brand trust**. Based on this standard factor, brand value has a role as 0.446 in explanation of **brand trust** variance. In other words, with any change in the brand value variance, the **brand trust** variance changes as 0.446.

Seventh hypothesis testing

Significance of standard factor is related to direct positive effect of customer satisfaction on the **brand trust**. Based on this standard factor, customer satisfaction has a role as 0.447 in explanation of **brand trust** variance. In other words, with any change in the customer satisfaction variance, the **brand trust** variance changes as 0.447.

Eighth hypothesis testing

Significance of standard factor is related to direct positive effect of brand trust on the **brand loyalty**. Based on this standard factor, brand trust has a role as 0.484 in explanation of **brand loyalty** variance. In other words, with any change in the brand trust variance, the **brand loyalty** variance changes as 0.484.

Conclusion

In this research, to verify the effect of brand identity on brand loyalty, a model that is adapted from the model of He et al., 2011, has been provided and after analysis it was approved. In this study, we have examined the Mihan Insurance Company. A sample consisted of 342 clients of Mihan insurance company were selected in the city of Saveh. The results of the data analysis indicated a positive impact of brand identity on brand loyalty and confirming its hypotheses. In addition, the results showed that the brand identity has a positive direct impact on the perceived value of brand, customer satisfaction and brand trust. Customer satisfaction has a positive effect on brand trust and brand trust has a positive impact on brand loyalty. Positive impact of brand identity on brand loyalty has the important note that companies, especially insurance ones that have an intense competition should pay more attention to the concept of brand identity and gives more importance to it. Companies and organizations seek to create and develop loyalty in their clients, but they are unaware that the main roots of loyalty originate from a strong identity. The present study has several limitations, one of which is lack of generalization of the research results to other companies because it was a case study and the selection is targeted and non-random and also performing the research in another time may have no similar results. Researchers for future research could include other intermediate variables, such as brand awareness, brand associations and brand image.

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