BRAND PERSONALITY AND MARKET PENETRATION AMONG INSURANCE COMPANIES IN KENYA

By

Samuel W. Ngunjiri

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DECLARATION

This MBA research project is my original work and has not been submitted for a degree in any other university.

Signed: ______________________________ Date: ____________________

SAMUEL WANG'OMBE NGUNJIRI

D61/60085/2010

This management research project has been submitted for examination with my approval as the University Supervisor.

Signed: ______________________________ Date: ____________________

DR. J. M. MUNYOKI

Senior Lecturer,
Department of Business Administration
University Of Nairobi

DEDICATION

To my dear wife, Betty T. Mkalama, my daughter Bancy Mumbi and son Elvis Ngunjiri.

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Divine thanks to the Almighty God for giving me the energy, resources and time to go through the MBA programme.

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ABSTRACT

The study sought to establish the brand personality of each of the various insurance companies in Kenya as well as establish the relationship between brand personality and market penetration among these insurance companies. To achieve these objectives, a survey research design was used and primary data was collected between 16th September 2013 and 10th October 2013. A semi-structured questionnaire were administered mainly by 'drop and pick later' method. The respondents were mainly marketing managers, at times other senior officers in marketing, corporate communications and underwriting. Out of the 46 six firms targeted for the study three could not be reached due to varying reasons. One did not have contacts or physical address given while another was in the vicinity of the terror attack, an area barred for almost two weeks. The third firm changed their office location and nobody in their former premises could direct where they moved to. Out of the 43 firms contacted 32 responded, representing 74% response rate, which adequately represents the population and enables the research to conclude on the objectives.

The insurance industry has a long history of existence in Kenya but with a penetration of only 3.16% of Gross Domestic Product (GDP) by 2012. This low penetration after over eighty years of existence may be attributed to factors like fragmentation of insurance companies, general poverty, fraud, high inflation, weak government policy and regulations, and poor image of the industry. Industry fragmentation (several insurers but none is large enough, except in a local context) limits the growth due to inadequate income and resources to finance research, innovation and publicity by the numerous small and medium-sized players. In view of the low levels of product innovation, differentiation remains low over the years leading to increased but shallow competition and price wars, a phenomenon greatly impacting on industry growth and profitability. One front of differentiation is through unique brand personality, to increase brand engagement, create strong bonds with customers and resonance. This would undoubtedly provide an insurer with a competitive edge/advantage that others cannot duplicate. Brand personality as a means to consequential differentiation triggers favourable brand response and customer loyalty, thus enabling further market growth and penetration. For faster market growth the industry players should team up and handle the challenges jointly, technically with the guidance of the regulator and the trade association(s).

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Business strategy is designed to position the organization within the industry so that over a long period it can earn a high rate of return on its investment. To achieve this position an organization must implement a business strategy that develops and sustains an advantage over its competitors, majorly achieved through a differentiation or a low cost strategy (Baraza, 2012). The insurance industry in Kenya is fragmented with 46 players in the market offering similar products with minimal switching costs, which has led to cut-throat price wars, with smaller players offering very low rates in order to stay in business. Kenya's insurance penetration stood at 3.1 per cent at the end of 2012 (Business Monitor, 2012). Market penetration is a measure of brand or category popularity. To achieve market penetration, the organization may choose to increase the current customers' rate of use of the product, or attract competitors' customers, or attract current non-users (Ansoff, 1990). The study will involve all the registered and licensed forty-six (46) insurance companies in Kenya as at the beginning of August of 2013.

A brand personality is the set of human characteristics associated with a given brand (Aaker, 1996). Personality is the individual's pattern of traits that influences behavioral responses to situations, such as self-confidence, domineering, introversion, friendliness, etc. (Etzel et al, 2007). By assigning human personality traits/characteristics to a brand differentiation is achieved, because it not only includes the personality features/ characteristics, but also the demographic features like age, gender or class, and psychographic (lifestyle) features (McCarthy et. al, 1993). Brand personality is the way a brand speaks and behaves, and is seen as a valuable factor in increasing brand engagement and brand attachment, in much the same way as people relate and bind to other people. Personality traits are what the brand exists for, and these characteristics signify brand behaviour through both individuals representing the brand (i.e. it's employees) as well as through advertising, packaging, etc. The five factors of brand personality scale have various facets or traits each, which provide texture and descriptive insight. An apt brand personality statement provides depth and texture that makes it easier to keep the communication effort on target. Brand personality is used by strategists to enrich their understanding of people's perceptions of, and brand attitudes towards the brand (Aaker, 1996).

Just as the perceived personality of a person is affected by everything associated with that person, including the neighborhood, friends, activities and manner of interacting, so too is the brand personality. Product-related characteristics, product class, packaging or features drive and influence the brand personality; a high priced brand may be considered wealthy, stylish, or a bit snobbish. Non-product-related characteristics that can affect a brand include advertising style, country of origin, company image, CEO identification, and celebrity endorsers (Aaker, 1996). Consumers show more interest in brands for what they say about them rather than what they do for them (Chernatony, et al, 2011). Properly exploited, brand personality can create loyal customers through merging of personalities (customer's and the brand's), ultimately providing the company "with a competitive advantage that others cannot duplicate" (Wanjau, 2001).

1.1.1 Brand Personality

Brand personality is the set of human characteristics associated with a given brand (Aaker, 1996). By assigning human personality traits/characteristics to a brand differentiation is achieved, since it not only includes the personality features/characteristics, but also the demographic features like age, gender or class, and psychographic (lifestyle) features (McCarthy et. al, 1993). These characteristics signify brand behaviour through both individuals representing the brand (i.e. it's employees) as well as through advertising, packaging, etc. It is seen as a valuable factor in increasing brand engagement and brand attachment, in much the same way as people relate and bind to other people, and an apt brand personality statement provides depth and texture that makes it easier to keep the communication effort on target. Personality traits are what the brand exists for, and it is the way a brand speaks and behaves (Aaker, 1996).

Unlike brand image which denotes the tangible (physical and functional) benefits and attributes of a brand, brand personality indicates emotional associations of the brand. If brand image is a comprehensive brand according to consumers' opinion, brand personality is that aspect of a comprehensive brand which generates its emotional character and associations in consumers' mind. Brand personality helps to build brand equity through self-expression, and sets the brand attitude. It is a key input into the look and feel of any communication or marketing activity by the brand. It helps in gaining thorough knowledge of customers' feelings about the brand. Brand personality differentiates among brands specifically when they are alike in many attributes and can be used to make the brand strategy lively and indicate the kind of relationship a customer has with the brand. It is a means by which a customer communicates his own identity (McCarthy et. al, 1993). Trustworthy celebrity (user imagery) and brand personality should supplement each other to ensure immediate awareness, acceptability and optimism towards the brand (McCarthy et. al, 1993). This influences consumers' purchase decision and also creates brand loyalty. Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. Associations are not "reasons-to-buy" but provide acquaintance and differentiation that's not replicable (McCarthy et. al, 1993). Association is relating perceived qualities of a brand to a known entity. For instance The Serena Hotel is associated with luxury and comfort.

A brand should be associated with a positive personality so that the customers relate the brand as positive. Brand associations are the attributes of a brand which come into consumers mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name. Brand association can also be defined as the degree to which a specific product/service is recognized within its product/service class/category. While choosing a brand name, it is essential that the name chosen should reinforce an important personality, attribute or benefit association that forms its product positioning (McCarthy et. al, 1993).

1.1.2 Market Penetration

According to Ansoff (1990) market penetration is a measure of brand or category popularity. It occurs when a company penetrates a market in which current or similar products already exist. It is different from market development where a company seeks out new markets for existent products. Market penetration is trying to increase sales of a firm's present products in its present markets – usually through a more aggressive marketing mix. To achieve market penetration, the firm may choose to increase the current customers' rate of use of the product, or attract competitors' customers, or attract current non-users. For effective analysis and planning, marketers need to really understand why some people are buying now and what will motivate them to change brands, or buy more, or begin or resume buying" (McCarthy et. al, 1993).

Market penetration is the act of a new entrant, either a firm or a product, into an existing market. It is also obtaining increased market share for a product with no change in the target market. Penetration is the extent to which a product or an advertisement has been accepted by, or has registered with, the total of possible users" (Harris, 2009). A market penetration strategy seeks to increase market share of the current product or services in the existing market, i.e. the firms seek to raise their sales revenue without making changes in the products or services. Market penetration strategy can be implemented by offering sales, increasing sales force, increasing product's channels of distribution and promotional levels, and increasing expenditure in marketing and advertising activities with an objective of increasing turnover.

1.1.3 The Insurance Industry in Kenya

The Insurance industry in Kenya is regulated by the Insurance Regulatory Authority, which was established under the Insurance (Amendment) Act of December 2006. The act became effective in 2007. The IRA formulates and enforces insurance standards, particularly in relation to compulsory lines such as compulsory third-party motor liability insurance. It also approves tariffs and rates of insurance, deals with complaints from the public, and monitors the viability of insurers. It monitors and enforces claims settlement, which includes limiting ownership of a single individual shareholder to 25% and increasing the minimum capital requirement from the 50 Million Kenya Shillings to 150 Million Kenya Shillings for life (long-term) insurers and 300 Million Kenya Shillings for general (short-term) insurers. In the 1980s legal restrictions required that the insurers be locally incorporated with some local ownership (Business Monitor, 2012).

For an insurance company to penetrate the market, it needs to have a competitive advantage over the other insurance companies through a better marketing mix. Currently many of the insurance companies may be carrying the wrong personality tags of 'faceless, bureaucratic, and cold' (Aaker, 1996) because they have allowed a distance between themselves and the customer due to the involvement of intermediaries. The insurance industry has some (players who) want to be innovators and eagerly search out new opportunities. Others are willing to be creative imitators or risk-avoiding 'me-too' marketers (McCarthy et. al, 1993). The insurance market has displayed evidence of shallow competitive framework and the marketing mix for most companies is characterized by price undercutting with destructive consequences. Fragmentation of the industry has resulted in low growth rate and intensified rivalry among players, with premiums being driven down by brokers and insurers to uneconomical levels (Ogolla, 2005).

In spite of Kenya's well publicized economic, social and political problems, non-life insurance penetration has risen to around 2% of GDP – a remarkably high figure given the overall income level in Kenya. This is a reflection of the innovativeness of many of Kenya's indigenous non-life insurers, most of which are small organizations by most standards. The insurers understand the needs of the clients and are responding accordingly.

Examples include agricultural risk products that cover farmers against the impact of natural disaster, facilities to pay premiums via mobile phones, and Takaful insurance, (Business Monitor, 2012). Majority of the insurance companies are owned by Kenyans and even where companies are foreign-owned Kenyans have substantial stakes. Micro-insurance products are developing and are ready for the regulatory and economic environment to improve their selling potential. Micro-insurance business means the authorized insurance business that provides protection accessible to the low income population against specific perils in exchange for regular provision payments proportionate to that risk and managed in accordance with generally accepted insurance principles. Insurance companies are grouping themselves together (merging) in an effort to build economies of scale (Business Monitor, 2012). Some of the weaknesses are that among the insurers none is large, except in a local context, and there are few actual economies of scale. Past restrictions and a generally challenging business environment in a small economy have limited the involvement of foreign insurers. Poverty and lack of awareness appear to be major constraints, and state-owned enterprises potentially substantial users of insurance, have financial problems. According to the Insurance Regulatory Authority (IRA), fraud and corruption have also been significant problems, while the regulatory structure has limited the sales of micro-insurance (Business Monitor, 2012).

Opportunities that exist include economies of scale likely if some insurers proceed with further consolidation. The East African Community (EAC) common market, which came into effect in July 2010, may provide opportunities for Kenyan insurers. Kenyan insurers have demonstrated that they understand micro-insurance, are innovative and can receive payments through mobile phone-based networks. The development of Takaful insurance products may open up a previously untapped market. Agricultural insurance may develop rapidly off an extremely low base, more so with the onset of county governments (Business Monitor, 2012). Threats include deterioration of political conditions, insecurity and unexplained mass killings in some regions that could hamper the development of the insurance sector. Also the high inflation poses a major challenge to the long-term development of the life insurance segment.

The unprecedented instability in the Middle East and North Africa (MENA) region during 2011 is likely to signal a change in pricing and appetite for political risk and terrorism insurance, business interruption insurance and other related lines on a global scale. A perceived need for asset and property protection is likely to increase not only domestically, but also amongst the international commercial and industrial communities; this presents a new challenge and opportunity for insurers to address: not only to satisfy the increased demand for coverage with improved and tailored products; but also for improved risk premium calculation to ensure profitable underwriting (Business Monitor, 2012).

The insurance industry in Kenyan is fragmented since out of the large number of small and medium sized companies, none has a significant market share to strongly influence the industry outcome. Fragmentation in the industry has resulted in unhealthy competition manifested by price cutting among other unprofessional practices. Competition in the insurance industry in Kenya has been termed as cut-throat, stiff, unhealthy, and shallow with destructive consequences. The number of players has been viewed as excessive against stagnant or shrinking market, characterized by a marketing mix of price-undercutting with destructive consequences. The main challenge facing the insurance firms is how to increase the market share and remain competitive in the face of unfavorable internal and external business environment (Ogolla, 2005).

The trade association is the Association of Kenya Insurers. The AKI was set up in 1987 and is the umbrella group for the country's insurers. Its aims, in broad terms, include representation of the insurance sector to government and the general promotion of insurance in Kenya (Business Monitor, 2012).

1.2 The Research Problem

Brand personality as part of the brand identity is both distinctive, enduring and has considerable face validity, for customers often interact with brands as if they were people. Brand personality is used by strategists to enrich their understanding of people's perceptions of, and brand attitudes towards the brand. It also contributes to differentiation of brand identity, guides the communication effort and creates brand equity (Aaker, 1996). Insurance being a low-contact service has much of the firms' expertise hidden and firms are often forced to illustrate equipment, procedures, employees' characteristics and activities. The marketing function assumes a lead role in transforming an organization's distinctive skills and resources into products and services that enjoy positional advantages in the market. Market penetration is defined as the number of people who buy a specific brand or a category of goods at least once in a given period, divided by the size of the relevant market population.

Several studies have been done addressing various aspects of brand personality and branding, and separately on insurance industry market penetration, albeit leaving out some key conceptual and contextual features. Research that has been done in Kenya about brand personality involves other products; the researcher did not come across any that has tackled brand personality in respect to insurance products or insurance companies. For instance, Wanjau (2001) focused on the extent of usage of brand personality in brand positioning in the lubricants market. The study expounded on the Aaker's (1996) big five brand personality scale as employed by marketers of oil products, and articulated that the brand personality scale (BPS) helps managers to identify elements when deciding on positioning strategies to appeal to the target customers. The study affirmed that brand personality creates a strong bond with customers and provides a manufacturer with a competitive edge/advantage that others cannot duplicate.

On the other hand, Marami (2006) studied the factors that determine brand loyalty in a case of the petroleum marketing industry in Kenya; seeking the factors that would lead to brand loyalty and the achievement of the associate values. The study avers that in the past, firms used to differentiate their offerings through additives to fuels, but this eventually stopped due un-transferrable costs owing to stiff competition. The study also reiterated Aaker's (1991) words that as brand loyalty increases, the vulnerability of the customer base to competitive action is substantially reduced.

On his part, Kamiri (2007) carried out a survey on creation and application of brand equity by insurance companies in Kenya. The study reiterated Kotler's (2000) facts that a brand is essentially a seller's promise to deliver a specific set of features, benefits and services consistently to the buyers and the best brands convey a warranty of quality. The study asserted that perceived quality is of significance to their (insurance companies) brands and these firms mostly consider psychology and emotional benefits to consumers of their brands. He concluded that brand equity is one of the most important factors to be considered by insurance companies for the potential buyers to be able to recognize their products and be able to differentiate them from those others. Branding also helps the firms to compete using many properties of a product.

Finally, Chege (2008) studied the competitive strategies adopted by Equity Bank Limited, and quoted the generic strategies of ‘overall cost leadership strategy’, ‘the differentiation strategy’ and ‘the focus approach’. The study concluded that many firms succeed when they understand the competitive environment and then decide on the appropriate strategy to adopt, some even choosing a hybrid (a combination) of the strategies. Even where firms choose to adopt the differentiation strategy they may not differentiate on all fronts of, areas of distribution, technology, segmentation, pricing, product development, branding, service quality and relationship ‘banking’.

The study is to draw attention of the insurance companies in Kenya that brand personality matters to facilitate differentiation and a favourable brand response. The study will endeavor to underscore how brand personality can assist the insurance companies to differentiate in order to avoid other companies imitating their innovations and offerings. By assigning some positive human characteristics and traits to their brands, insurance companies will provide depth and texture to their offerings and generate emotional character and associations in the consumers’ minds. With increased brand engagement and brand attachment it will influence purchase decisions enabling the company penetrate the market and acquire very loyal customers (Aaker, 1996), not easily swayed by competitors’ promises of price reduction or proposed extra benefits, or even allusion of better customer service. Brand resonance reflects a completely harmonious relationship between customers and the brand, thus the customers become evangelists and share their experiences with others, (Keller, 2001).

From the foregoing, the author did not come across a study done in Kenya that has addressed similar aspects. This study will therefore seek to establish the relationship between brand personality and market penetration levels among insurance companies in Kenya. The study will venture to answer the following question; -

What is the relationship between brand personality and market penetration among insurance companies in Kenya?

1.3 Research Objectives

i. To determine the brand personality of each of the various insurance companies in Kenya.

ii. To establish the relationship between brand personality and market penetration among insurance companies in Kenya.

1.4 Value of the study

This study will assist insurance companies to recognize and appreciate the personality or multiple personalities associated with their brands, and gain thorough knowledge of customers' feelings and probably unravel the reasons why they have penetrated the market to the extent they have (or vice versa). The study will assist the brand strategists of each insurance company to comprehend the brand personality of their company and work towards enhancing it (if positive) or transform it (if adverse) and subsequently come up with appropriate marketing strategies for further market penetration.

The study findings will assist the academia in referencing and as a source of secondary data as well as determine areas of further research in brand personality, and marketing in general. It will also add to the wealth of knowledge on theory and practice of marketing, particularly pertaining to brands and brand personality. The study will also assist the general public to appreciate brand personality as a concept.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on various theories and concepts in brand personality and market penetration. The theories and concepts will also involve Branding, Brand Personality, Brand Associations and Brand Equity, as well as market growth (penetration) strategies.

2.2 Theoretical Foundation of the Study

Before the 1970s branding had not attracted much attention, not even for companies with an understanding of the possible advantages of a strong brand. Consequently, for a long time, an uncertainty existed as to how much companies should emphasize their brands and how much the average customer cared about those brands. Hence, it became vital for marketers to establish through research how important brands were in the purchasing process. This challenge was accepted by Marquardt et al, (1965) when they decided to investigate this issue by focusing on an everyday product. The results revealed that consumers wanted products with a well-known brand and that only 25% of the respondents did not pay attention to the brand at all, instead considering the price as the most important factor in buying the product.

Another concept that was explored by Cunningham (1956) in the 1950s was brand loyalty; the concept evoked much debate and became one of the biggest controversies of that time. By that time, companies had already invested large amounts in branding; the problem was scarce empirical evidence that the efforts had had any effect. Hence, even though the idea of brand loyalty had already been introduced, there was an uncertainty whether it was something worth striving for. Through his research, Cunningham revealed that household loyalty was strong and consumers were brand loyal in more than 90% of the times while purchasing household goods. In the early 1960s, another concept was introduced that had a major influence on marketing, namely lifestyle.

Martineau (1958) lay the theoretical foundation of brand personality as early as in the 1950s when he established that in spite of the fact that two similar stores could offer the same prices, quality of products, and equally good services, the customers still often show partiality toward one of the stores and not the other. The reason for this behavior, he argued, is the personality of the store. To be able to create the desired personality, one has to use the power of the brand image. That is, consumers will always choose the store that represents their own personality and is, hence, in accordance with how they wish to be perceived. While economic factors will always be important for customers, if the product and store personality do not correspond to the consumers' personality, no campaigns or sales will be of any help. Even though Martineau put much emphasis on store personality, he also made it clear that what holds true for store personality applies to brand personality as well.

Gummesson (2002) explains that there is a common belief that relationships are something that explicitly occurs between human beings. This is, however, not entirely true since there could be relationships that involve objects, symbols, and other immaterial phenomena. This kind of branding, which pays attention to the importance of relationships, is called parasocial relationships. The existing relationships between customers and the company, including their products and services, are often impersonal but nevertheless important in branding since such relationships affect the image of a company. This image is created by such factors as the company name, brands, famous company personalities, and other persons who symbolize the attitudes of the company. It has been shown that consumers define the brand relationship from their own individual perspectives and the brand relationship and relational value are very much personalized in the minds of consumers. Customers generate individual relationships based on their individual perception of brand value, brand meaning and their experiences (Lindberg-Repo, 2001).

Another important milestone in the evolution of branding is the theory behind the concept of positioning. The word positioning was coined in 1972 by Ries and Trout in the article series "The Positioning Era" published in a business magazine Advertising Age. Ries and Trout (1981) later argued that positioning is not something you do with the product itself; instead, it is about the target group. The marketers' aim is to put the product into the mind of the customers. Hence, when outlaying the positioning strategy, one does not change anything about the core product but instead concentrates on the surrounding elements of the product. In the early 1980s, a new concept was coined that became one of the most researched areas within the field of marketing: namely, brand equity. This concept embraces the single most important aspect of marketing as of today, that is, how to measure the value of a brand.

2.3 Brand Personality

A brand is a name and/or mark intended to identify the product of one seller to differentiate it from competing products. Brands are easily recognized in stores and advertisements, reduces price comparisons, and the resultant reputation influences customer loyalty due to the assurance to consumers that they will get consistent quality when they reorder (Etzel, et al, 2007). Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to a person's environment. Personality is an individual's pattern of traits that influence behavioral responses, such as self-confidence, domineering, introversion, flexibility, friendliness, etc (Kotler, et al, 2010).

Brand Personality is the set of human qualities and features associated with a given brand that includes the personality characteristics like the demographic features of age, gender or class, and psychographic features {lifestyle; activities, interests and opinions}. Just as the perceived personality of a person is affected by nearly everything associated with that person, including his/her neighborhood, friends, activities, clothes and manner of interacting, so too is a brand personality. Product-related characteristics and product class can be primary drivers of brand personality, and these characteristics signify brand behaviour through individuals representing the brand (i.e. employees) as well as through advertising, packaging, events sponsorship, etc. (Aaker, 1996).

These personality traits influence consumers' perceptions and buying behaviour, and can be valuable factors in increasing brand engagement and brand attachment, in much the same way as people relate and bind to other people (Etzel, et al, 2007). Some people buy products or services for good feelings, fun, entertainment, even fantasies, and mostly show more interest in brands for what they say about them rather than what they do for them (Chernatony et al, 2011). Brand personality is the way a brand speaks and behaves, and thus personality traits are what the brand exists for (Aaker, 1996).

Brand personality is different from brand image, in sense that, while brand image denotes the tangible (physical and functional) benefits and attributes of a brand, brand personality indicates emotional associations of the brand. If brand image is a comprehensive brand according to consumers' opinion, brand personality is that aspect of a comprehensive brand which generates its emotional character and associations in consumers' mind. Brand personality helps to build brand equity through self-expression, sets the brand attitude, and it is a key input into the look and feel of any communication or marketing activity by the brand. It helps in gaining thorough knowledge of customers' feelings about the brand and aids to differentiate among brands specifically when they are alike in many attributes. Brand personality is used to make the brand strategy lively and indicates the kind of relationship a customer has with the brand. It is a means by which a customer communicates his own identity (self-expression). Brand personality and celebrity should supplement each other, because trustworthy celebrity (user imagery) ensures immediate awareness, acceptability and optimism towards the brand. This will influence consumers' purchase decision and also create brand loyalty (Aaker, 1996).

A study by Aaker (1996) developed and tested the Brand Personality Scale (BPS), a compact set of traits designed to both measure and structure brand personality. Five personality factors (the Big Five) of Sincerity, Excitement, Competence, Sophistication, and Ruggedness emerged to explain all of the observed differences between brands. The big five have extended set of traits which provide an understanding of their scope and richness. For instance an insurance company tends to assume a personality of either competent, serious, masculine, older, faceless, bureaucratic, cold, or upper class; depending on the non-product-related characteristics that affect brand personality like advertising style, country of origin, company image, executive influence, and celebrity endorsers (Kotler, 2010).

Brand association creates positive feelings/attitude and helps processing and retrieval of information to facilitate unconditional buying, because of the attributes of a brand which come into consumer's mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with the specific brand name, the images and symbols associated with a brand or a brand benefit. Associations are not "reasons-to-buy" but provide acquaintance and differentiation that's not replicable. Association is relating perceived qualities of a brand to a known entity. For instance The Serena Hotel is associated with luxury and comfort. While choosing a brand name, it is essential that the name chosen should reinforce an important personality, attribute or benefit association that forms its product positioning. A brand should be associated with a positive personality so that the customers relate the brand as positive (Aaker, 1996).

Brand personality contributes towards brand equity; a set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm's customers.

2.3.1 Measuring Brand Personality

The same vocabulary used to describe a person can be used to describe a brand personality. Brand Personality Scale (Sincerity, Competence, Sophistication, Excitement and Ruggedness) is a compact set of traits designed to both measure and structure brand personality. Like a person, the brand can have a complex personality that ranges across the Brand Personality Scale (Big Five). Each of the Big Five factors has been divided into facets to provide texture and descriptive insight regarding the nature of the brand personality. The fifteen facets are given descriptive names to suggest strategic options and measure the degree of positive and negative attitude towards the brand. Personality variables are significantly related to attitude, with specific relationship varying by the brand. Users will frequently and generally perceive the brand to have a strong personality, unlike non-users. Two brands may be rated as strong on "Ruggedness" with one brand being perceived positively as having a strong personality (for example cigarettes, sports shoes), while the other brand's personality is perceived negatively as weak and unattractive (for example cosmetics, an insurance company). In each case, the personality objective and implementation strategy would be very different.

Brand personality is affected by uses, the users, neighborhood, activities, packaging, marketing and advertising style, executive influence, the representative employees who interact with users, the product attributes of quality and reliability, brand name awareness, brand loyalty and other organizational attributes (Aaker, 1996). Therefore measurement of the brand personality will strongly be influenced by the effects of the interaction, relations and communication with the above. For instance a strong executive influence (CEO participation) and/or a celebrity endorser tend to transfer the particular individual's personality to the brand.

2.4 Market Penetration

Industry competition is driven by the five forces of; i) threat of new entrants, ii) rivalry among competing firms, iii) threat of substitute products, iv) bargaining power of buyers, and v) bargaining power of suppliers (Porter, 1998). In evaluating potential product/market fits, a firm must evaluate new market opportunities, determine the number and aggressiveness of competitors and gauge its own strengths and weaknesses. The marketing function assumes a lead role in transforming an organization's distinctive skills and resources into products and services that enjoy positional advantages in the market. Market penetration is defined as the number of people who buy a specific brand or a category of goods at least once in a given period, divided by the size of the relevant market population. Market penetration is one of the four growth strategies of the Product-Market Growth Matrix as defined by Ansoff (1990). Market penetration is the act of a new entrant, either a firm or a product, into an existing market. It is also obtaining increased market share for a product with no change in the target market. Penetration is the extent to which a product or an advertisement has been accepted by, or has registered with, the total of possible users (Harris, 2009). A market penetration strategy seeks to increase market share of the current product or services in the existing market, i.e. the firms seek to raise their sales revenue without making changes in the products or services. Market penetration occurs when a company penetrates a market in which current or similar products already exist. The best way to achieve this is by gaining competitors' customers to become part of your market share. Other ways include attracting non-users of your product or convincing current clients to use more of your product/service through advertising, promotions, etc. Often, managers must decide whether to seek sales growth by acquiring existing category users from their competitors or by expanding the total population of category users, attracting new customers to the market. Penetration metrics help indicate which of these strategies would be most appropriate and help managers to monitor their success (Reibstein, 2010).

Some people buy products for good feelings, fun, entertainment, even fantasies, and attach symbolic meanings to the selected brands. Consumers show more interest in brands for what they say about them rather than what they do for them. Consumers construct and make sense of the world through interpreting brands as symbols inferring meaning; then they use these meanings to surround themselves with brands and so internally develop their self-identity. The symbolic meaning of brands is strongly influenced by people with whom the consumer interacts. To be part of a social group, the person doesn't just need to adhere to the group's attitude and beliefs but also to reflect these attitude and beliefs through the 'right brand'. To facilitate understanding of symbolic meanings of brands, design and visual representations are vital in conveying meanings, especially in the service sector where no tangible products are available.

Visual representations have the advantage of avoiding the logical examinations and therefore more likely to be accepted unlike verbal expressions (subjected to logic). Customers are less likely to challenge the symbolic simplicity of a product than the verbal claim of the same (Chernatony, et al, 2011).

Consumers perceive brands in very personal ways and attach their own values to them. Even though competing firms may strive to portray unique values for their brands the symbolic interpretation of each brand varies by type of person. Different people ascribe different meanings to the same product. The symbolic meaning of the brand is defined by the group of people using it and varies according to different social settings. Symbols acquire their meanings in a cultural context so the culture of the society consuming the brands needs to be appreciated to understand the encoding and decoding process. To take a brand into a new culture may require subtle changes to ensure that the symbol acquires the right meaning in its new cultural context e.g. Red Cross and Red Crescent (Chernatony, et al, 2011).

2.4.1 Market Penetration Strategy

For most business marketers, the company name is the brand, so the key questions become: "what do you want your company name to stand for? And what do you want it to mean in the mind of the customer?" The power of the brand lies in what consumers have learnt, felt, seen, and heard about the brand over time. This may include thoughts, feelings, images and experiences that become linked to the brand in the minds of customers. Brand positioning involves establishing unique brand associations in the minds of customers to differentiate it and establish competitive superiority (Hutt et al, 2010).

Insurance being a low-contact service has much of the firms' expertise hidden and firms are often forced to illustrate equipment, procedures, employees' characteristics (qualifications, experience, commitment and professionalism) and activities (approaches to reduce losses and costs due to accidents, philanthropy, etc). Some companies recognize that front-line personnel are central to service delivery because their presence makes the service more tangible and more personalized, so they strategically engage employees endowed with very positive personalities. Highlighting also the expertise and commitment of employees in the back offices enhances trust in the organization's competence and commitment to service quality (Lovelock et al, 2007).

As a branding strategy is implemented, special attention should be directed to how customers react to the brand and the associated marketing activities. Customer judgments are vital to the creation of a strong brand (brand response), especially when they perceive the quality matches value and satisfaction, and the brand is credible in terms of expertise, trustworthiness and likeability. This will enhance the degree to which customers find the brand to be an appropriate option worthy of serious consideration and make customers believe that the brand offers unique advantages over competitors' brands (Keller, 2001).

Feelings relate to the customers' emotional reaction to the brand and include numerous types that have been tied to brand building, including warmth, fun, excitement and security (Hutt et al, 2010). Brand resonance represents the strength of the psychological bond that a customer has with a brand and the degree to which this connection translates into loyalty, attachment, and active engagement with the brand. It reflects a completely harmonious relationship between customers and the brand; they become evangelists and share their experiences with others (Keller, 2001).

The actions of competitors as well as environmental conditions influence how customers feel about a brand. Strong brands stay relevant and excel at providing the benefits that matter the most to customers. The primary pay off from positive customer thoughts and feelings is reflected in the purchases they make. Strong brands provide such benefits as greater customer loyalty, less vulnerability to competition, high profit margins, and greater co-operation and support from channel partners. Competitive positioning strategy is based on establishing and maintaining a distinctive place in the market for an organization and its offering through focus of efforts to particular niche markets and provide singular, simple and consistent message. A challenge of developing a viable positioning strategy is to avoid the trap of investing too heavily in points of difference that can easily be copied. Positioning needs to keep the competitors out, not draw them in (Lovelock et al, 2007). Tactically, the brand personality concept and vocabulary communicates the brand identity with richness and texture to those who must implement the identity building and positioning effort, be it in advertising, promotions, packaging or selecting events to associate with (Aaker, 1996).

Consumers may perceive only minor differences between competing brands and therefore get confused by the lack of clear brand differences. Without any solid beliefs about the advantages of any particular brand, a choice is made based on other reasons e.g. friends' opinion or advice given by a shop assistant. Upon purchase the consumer may feel unsure, particularly if they receive information that conflicts with their reasons for buying. The consumer may experience mental discomfort (post-purchase dissonance) and would attempt to reduce this state of mental uncertainty, either by ignoring the dissonant information, or by selectively seeking those messages that confirm their beliefs. The customer purchases without firm brand beliefs, then changes attitude afterwards based on experience with the chosen brand. Learning occurs on a selective basis to support the original brand choice by the consumer being attentive to positive information and ignoring negative information.

When consumers purchase a brand but perceive little brand differentiation or lack the ability to judge between competing brands, the advertisements reduce the post-purchase dissonance through providing reassurance after purchase. This may actually encourage loyalty and recommendation to others (Chernatony et al, 2011).

Services are mentally intangible and are often difficult to visualize and understand, more so due to lack of easy reference points which can help in distinguishing among competing suppliers. Services cannot be inventoried because they are transitory and perishable, which makes it necessary to strategize on how to smooth demand levels through reservations, promotions, and dynamic pricing strategies to match available capacity. It is difficult to assess important service features in advance of use and to evaluate the quality of the performance itself, because intangible elements like processes, expertise, attitudes of service personnel usually dominate value creation (Lovelock et al, 2007).

As consumers' lives become complicated, rushed, and time-starved, the ability of a brand to simplify decision-making is invaluable. Brand signals a certain level of quality so that satisfied buyers can easily choose the product again, which provides predictability and security of demand, and creates barriers to entry (Kotler, 2001). Strategies to increase the penetration rate include adjusting the marketing and packaging strategy to generate sales growth and increasing the total market size by attracting new customers (Chirantan, 1995). The primary pay off from positive customer thoughts and feelings is reflected in the greater customer loyalty, less vulnerability to competition and higher profit margins, among other benefits.

2.4.2 Measuring Market Penetration

Penetration is the number of people who have bought your product, or the category of products you are measuring. Market Penetration is defined as the proportion of people who buy a specific brand or a category of goods at least once in a given period, divided by the size of the relevant market population. Two key measures of a product's 'popularity' are penetration rate and penetration share. The penetration rate (also called penetration, brand penetration or market penetration as appropriate) is the percentage of the relevant population that has purchased a given brand or category at least once in the time period under study. A brand's penetration share, in contrast to penetration rate, is determined by comparing that brand's customer population to the number of customers for its category in the relevant market as a whole. Penetration measures the popularity of a product in terms of usage or purchase. It is a function of the number of people who buy a product category or a particular brand and the size of the relevant market. Start-ups and established businesses use this metric to evaluate the effectiveness of their product development and marketing strategies. Market Share focuses on shares of revenues generated as the total revenues for that market, by either looking at total sales versus competitors, or by looking at shares of usage at a consumer level.

The measurement time period can affect the penetration rate. For example, computer sales may spike during the weeks preceding the start of the school year, which may lead to a higher penetration rate than normal for that period only. The market share of a brand is a factor of the brand penetration share, the heavy usage index and the share of requirements. The heavy usage index measures consumption intensity, while the share of requirements measures brand loyalty. The least risky strategy to increase market penetration is to sell more units of the current product. Companies may use different pricing and promotional strategies to achieve unit volume growth. Examples include six bars of soap in one package or a six-pack of beer.

Market penetration is one thing, but market penetration opportunity is a far more important and deeper concept. Determining market penetration is conceptually fairly simple; establish the total market potential, then divide that potential by the amount of product that is already sold or purchased. For example, penetration of televisions and automobiles into their potential markets in the United States is very high, while penetration of household robots is very low. If I have 10,000 possible users, and 1,000 of them are already using a product or service, then that's a 10% penetration. If 6,000 already use it, then that's a penetration of 60%. Conceptually simple, yes, but it's not so simple to actually develop the numbers. The problem is that the total potential market for anything is a moving target; it changes with technology, costs, socioeconomic trends, and many other factors. How do we know there are 10,000 potential users? How did we determine who is a potential user and who isn't? This is where the most interesting point comes up, in that you are asking not about the market penetration, but about the market penetration opportunity. That's pretty much the same as asking about the business opportunity. Evaluating whether or not an opportunity exists, and how much of an opportunity exists, is one of the core problems of Entrepreneurship. There are no formulas. Does the existing market leave room for something new? Is it entirely penetrated? Could the market grow significantly with some new entrant, and is it therefore less penetrated than other people think? These are core decisions every entrepreneur makes (Reibstein, 2006).

Kenya’s insurance penetration stood at 3.1 per cent at the end of 2012 (Business Monitor, 2012). The figures obtained from the research for each study unit when related to the global industry statistics will reveal the penetration trend and growth over the past three years.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter is about the research methodology that was used, including research design, data collection methods and the data analysis methods. The objective of this chapter is to demonstrate how data collection and analysis is utilized in the study to answer the research questions and meet the objectives outlined in chapter one.

3.2 Research Design

The research was of a descriptive survey design as the study was intended to describe the characteristics of insurance companies in respect to the brand personalities and how they penetrate the market. It was a correlation study of how market penetration is facilitated by the brand personality of an insurance company. Descriptive research portrays an accurate profile of persons, events or situations, and allows the collection of large amount of qualitative and quantitative data from the target population.

3.3 Study Population

The project undertaken was a census survey involving all the registered and licensed forty-six insurance companies in Kenya. The list of the forty-six insurance companies was obtained from the website of Insurance Regulatory Authority (IRA) as at the beginning of August 2013.

3.4 Data Collection

Primary data was collected by use of questionnaires. The questionnaire had three sections with Section A collecting data about the research unit, Section B collecting data of brand personality and Section C collecting data on market penetration. Discussions and guidance on how to complete the questionnaire was offered where solicited, and any additional information gathered was recorded in a note book for and assisted in analyzing the data collected through the questionnaires. The target respondents were the marketing managers of the identified insurance companies. Where the companies had brand managers or brand strategists they were the preferred respondents. The questionnaires were dropped and then picked upon follow-up with the relevant people. Some of the research units were contacted on phone to follow up on when the questionnaire is likely to be ready and those respondents who had difficulties completing the questionnaires guidance was offered. Some respondents had the dropped questionnaires misplaced and other copies were either dropped or emailed.

Secondary data was gathered from the marketing departments, brand managers and corporates affairs officers of the insurance companies. Some crucial data were obtained from Insurance Regulatory Authority (IRA) and Association of Kenya Insurers websites.

3.5 Data Analysis

Data collected was both quantitative and qualitative in nature. The data was checked and edited for accuracy, completeness and consistency, then analyzed through examination, categorizing, coding, tabulating and testing to identify the patterns and enhance the validity of the study.

The quantitative data was analyzed using descriptive statistics resulting to tables, graphs, charts, and percentages. Content analysis was used to analyze qualitative data to facilitate in making inferences by systematically and objectively identifying specified characteristics of variables. The relationship of variables was estimated using correlation and regression analysis.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents data analysis, findings and interpretation of the information gathered through the questionnaires completed by the respondents. The questionnaires were hand-delivered to forty-three (43) insurance companies out of the forty-six (46) targeted subjects. Responses were received from thirty-two (32) of these insurance companies, representing a response rate of 74% (seventy-four percent). The eleven (11) insurance companies who did not participate in the survey for various reasons and excuses were not particularly unique and therefore were adequately represented in the 74% respondents. For the purpose of answering the research questions the data was summarized and tabulated using frequencies and percentages. The mean scores (averages) and standard deviations were calculated using Microsoft Excel computer software. The descriptive data are presented in tables 1 through to 6 and figures 1 and 2 below.

The study had two objectives namely (i) to establish the brand personality of each of the various insurance companies in Kenya as well as (ii) establish the relationship between brand personality and market penetration among these insurance companies. The presentation will first focus on the general information on the insurance industry and companies and the insurance companies respective brand personality(ies). Then the presentation will delve into relating the market share (production) to the brand personality.

4.2 General Information

The insurance industry has a long history of existence in Kenya and has grown steadily at an average rate of 15% over the past ten years (preceding 2011). It plays its insignificant role in injecting investment funds into the Kenyan economy. The industry continues to face a number of challenges, competition for business being the major. In view of the very low levels of product innovation, differentiation remains quite low over the years leading to massive price cutting, a phenomenon greatly impacting on growth and profitability. Most of the respondent companies have branches in Kenya, mainly in the cities and big towns. Some of the respondents have their presence in the Eastern African countries like Uganda, Rwanda, Tanzania, with some already in Southern Sudan. The Kenyan government has demonstrated its commitment to prudent and business-friendly economic policy.

The Association of Kenya Insurers (AKI) has published a strategic plan to promote the development of the overall insurance sector, and Kenya being one of the most diversified economies in Sub-Saharan Africa makes the country less susceptible to shocks. The deepening financial markets in the country make it easier for companies to hedge risk and prevent asset-liability mismatches.

The respondent insurance companies were established on varying dates with some as recently as 2010 while others were over 80 years old in the Kenyan Market. There are those respondent companies which started as branches of international insurance companies established over a hundred years ago. Other respondents were formed following a merger and/or acquisitions by older companies and despite their date of incorporation being recent they enjoy the wealth of experience, revenue and goodwill from existing business accounts of the merged entities. Some insurance companies are grouping themselves together (merging) in an effort to build economies of scale. The respondents are licensed to underwrite either long-term or short-term business lines, with some few still licensed to underwrite both long-term and short-term (otherwise referred to as composite business lines). In 2011 a number of hitherto composite companies demerged into Life (long-term) and Non-Life (short-term) Insurance companies enabling the management of these respective companies to focus a lot more on the respective lines of business unlike in the past when managements found themselves torn between growing Life and Non-Life insurance businesses simultaneously.

Brand Personality is the set of human qualities and features associated with a given brand that includes the personality characteristics. Product-related characteristics can be primary drivers of a brand personality with even the product class affecting it. The insurance industry is affected most by the product class because the products are almost homogeneous with little and/or unnoticeable differentiation in characteristics. Five personality factors (the Big Five) of Sincerity, Excitement, Competence, Sophistication, and Ruggedness explain all of the observable differences between brands. The big five have extended set of traits which provide an understanding of their scope and richness. Personality traits come to be associated with a brand in a direct way through the people associated with the brand such as brand's user imagery; a set of human characteristics associated with the typical user of a brand or a brand endorser. Trustworthy celebrity (user imagery) and brand personality should supplement each other to ensure immediate awareness, acceptability and optimism towards the brand. Many of the respondents did not seem to have a deliberate and premeditated brand personality for which they worked towards enhancing, and would undoubtedly get surprised whatever the brand personality they may be assigned following this study. Several respondents whenever they placed advertisements dwelt more on the positive things that they do or quote achievements and accolades that have been bestowed on them, with minimal user imagery or trustworthy celebrity(ies) as brand endorsers. The brand endorsers tend to transfer their personality to the brand they endorse, a benefit several respondents had not exploited. Some few respondents had used the CEO influence with some positive results while majority were satisfied with the intermediaries (insurance brokers and agencies) being their frontage and the only interaction and contact the insured ever had with the underwriter.

4.3 Key Research Findings

4.3.1 Respondents' Age and Premium Production

The respondents were asked to indicate when the organization commenced operations in Kenya as well indicate the premium production in 2010, 2011 and 2012. The results are as shown in Table 4.1, the ages being presented in intervals of ten years.

Table 4.1: Ages of Respondent Companies and Premium Production Per Age Bracket (in Millions)

Age Bracket	Frequency/ Occurrence	Percentage Occurrence	Total Ages	Premium Production	Percentage Production	Production Mean
Between 1 to 10 Years	8	25.0	48	8,325.16	14.74	1,040.64
Between 11 to 20 Years	3	9.4	53	2,199.63	3.89	733.21
Between 21 to 30 Years	1	3.1	29	2,000.00	3.54	2,000.00
Between 31 to 40 Years	11	34.4	368	16,850.54	29.83	1,531.87
Between 41 to 50 Years	5	15.6	230	14,604.78	25.85	2,920.96
Over 51 Years	4	12.5	309	12,507.83	22.14	3,126.96
TOTAL	**32**	**100.0**	**1037**	**56,487.93**	**100.00**	**1,765.25**
Average Age (Mean)			**32.4**			
Standard Deviation (Age)			**22.4**			

Source: Survey Data

The respective ages were added up to arrive at the total and then the average age was computed by dividing by the total 32 respondents to arrive at 32.4 years. Twenty-five percent (25%) of the respondents were below 10 years old in operation in Kenya while the bulk of the respondents were between 31 and 40 years old. Also shown in the table is the age standard deviation, which calculates to 22 years, computed by taking the individual age of each unit and subtracting from it the average (mean) age before squaring the difference and totaling the squares, then getting the square root of the squares. The standard deviation of 22 years means that majority of the respondents (about 65%) were aged between 10 and 54 years. While some of the respondents were as young as three years old others had over eighty years of existence in the Kenyan market. One of the over-fifty-years old respondents selected the 'Excitement' personality probably owing to the fact that the company felt rejuvenated and had recently been severally in the media. The premium production has also been shown in Table 4.1 for each age bracket and the production percentages and the average production per age stratum computed. It is noteworthy that those age brackets of respondents each over thirty-years produced above 20% a piece of the total production. The average production apparently increases with age as those over fifty years averaged at 3,126.96 Million, those between 41 and 50 averaging at 2,920.96 Million, while those aged between 31 and 40 years produced an average of 1,531.87 Million per respondent.

4.3.2 Respondents' Licensed Business Lines and Premium Production

The respondents were asked to specify the business lines the insurance companies were licensed to underwrite. The results of the business line frequencies of occurrence and percentages are as shown on Table 4.2, which also captures the respective total premium produced by each business line.

Table 4.2: Underwriters' Licensed Business Lines and Premium Production

Business Underwritten	Occurrence Frequency	Percentage Occurrence	Gross Production (Millions)	Percentage Production	Average Production /Unit (Millions)
Long Term Only	9	28.1	10,478.78	18.55	1,164.31
Short Term Only	17	53.1	25,017.97	44.29	1,471.65
Composite (Long & Short Term)	6	18.8	20,991.18	37.16	3,498.53
TOTAL	**32**	**100.0**	**56,487.93**		**1,765.25**

Source: Survey Data

Those licensed for long-term business lines only (life insurance) constituted 28.1% producing 18.55% of the total premium, while those licensed to underwrite short-term business lines only (non-life or general insurance) comprised of 53.1% of the respondent companies producing 44.29% of premium. Composite insurers making up 18.8% are those respondent companies licensed to underwrite both long-term and short-term business lines and took up 37.16% of the total premium produced in 2011. The average production per unit shown in the table is the mean for each business line. The per capita composite insurer production was 198% of the global mean, with some respondents producing well above two standard deviations (over double 1,896.73 Million) above the mean.

4.3.3 Respondents' Brand Personality

The respondents were asked to select traits that best suited their brand character. The traits were arranged on the questionnaire in sets of brand facets and factors without revealing the facets and brand factors they related to. The respondents were to select within one set of traits (out of five sets) the descriptive names or traits that best matched their brand personality as shown in Table 4.3

Table 4.3: Respondents' Brand Personality

Brand Personality Type	Frequency	Percentage (%)
Competence – 1	9	28.1
Competence – 2	7	21.9
Competence – 3	1	3.1
Competence – 4	1	3.1
Excitement – 1	1	3.1
Excitement – 2	1	3.1
Sincerity – 1	7	21.9
Sincerity – 2	2	6.3
Non-scored Respondents	3	9.4
GRAND TOTALS	**32**	**100.0**

KEY:

Brand Sub-Personality Factor	**Personality Facets**
Competence – 1	Reliable, Intelligent & Successful
Competence – 2	Reliable, Successful
Competence – 3	Reliable, Intelligent
Competence – 4	Reliable
Excitement – 1	Daring, Spirited, Imaginative & Up-to-date
Excitement – 2	Daring, Imaginative & Up-to-date
Sincerity – 1	Down-to-earth, Honest, Wholesome & Cheerful
Sincerity – 2	Honest & Cheerful

Source: Survey Data

The resultant brand personalities of the respondent companies were divided into sub-personality as per the key (explanation) that gives the brand facets that make up each sub-personality. For instance competence-1 is where a respondent selected all the facets available under the Competence personality while competence-4 selected the least facets available. Those classified under ‘Competence Personality’ (sub-personality 1 to 4) comprised of 56.2% of the respondents, ‘Excitement’ scoring 6.2% while ‘Sincerity Brand Personality’ constituted 28.2%. The respondents who selected all the traits available in all the five sets represented 9.4% and are shown in Table 4.3 as ‘non-scored’ because it was difficult to determine their preferred brand personality.

4.3.4 Respondents' Premium Production

The respondents were required to indicate the premiums underwritten in years 2010, 2011 and 2012 as shown in Table 4.4. The 2011 production figures given by respondents were confirmed with the Association of Kenya Insurers’ (AKI) report of 2011.

Table 4.4: Respondents' Premium Production (2011) - in Millions

Annual Production	**Frequency**	**Frequency Percentage**	**Total Production Per Category (Millions)**	**% Production per Respondent Category**	**Avg. Production Per Category (Millions)**
Below 500 Million	6	18.8	1,060.81	1.9	176.80
Between 501 Million and 1 Billion	10	31.3	6,760.49	12.0	676.05
Between 1 Billion and 2 Billion	8	25.0	11,916.33	21.1	1,489.54
Over 2 Billion	8	25.0	36,750.30	65.1	4,593.79
TOTALS	**32**	**100.0**	**56,487.93**	**100.0**	**1,765.25**
Average Production / Respondent (mean)					**1,765.25**
Standard Deviation					1,896.73

Source: Survey Data

The respondent companies that produced premiums below 500 Million each were 18.8% of the total respondents, averaging at 176.8 Million per respondent out of the total annual premium underwritten by respondents in 2011. The respondents produced between 501 Million and 1 Billion calculating to an average of 720.89 Million per respondent constituted 31.3%. Twenty-five percent (25%) produced between 1 Billion and 2 Billion constituting 21.1% of production, while another twenty-five percent (25%) produced over 2 Billion each, making up 65.1% of the total respondents' production (in 2011). The industry average premium production per insurance company calculated to 1,765.25 Million with a standard deviation of 1,896.73 Million. The standard deviation was computed by taking the individual production of each respondent and subtracting from it the average (mean) before squaring and totaling the squares and thereafter getting the square root of the total squares. Majority of the respondents produced within one standard deviation of the mean.

4.3.5 Respondents' Brand Personality and Premium Production

The respondents were asked to select traits that best matched their brand character and indicate the total premium they produced in 2010, 2011 and 2012. Based on the premium underwritten and personality traits selected by each respondent, the premium production (2011) and brand sub-personality were matched as shown in Table 4.5

Table 4.5: Respondents' Brand Personality Matched to Premium Production

Brand Sub-Personality Type	Frequency	Percentage (%) Production	Average % Production/Unit	Avg. Production Per Unit (Millions)
Competence - 1	9	60.74	6.75	3,812.34
Competence - 2	7	13.67	1.95	1,103.07
Competence - 3	1	6.02	6.02	3,400.11
Competence - 4	1	3.02	3.02	1,706.62
SUB-TOTALS (Competence)	**18**	**83.45**	**4.64**	**2,618.85**
Excitement – 1	1	1.25	1.25	706.02
Excitement – 2	1	2.18	2.18	1,234.01
SUB-TOTALS (Excitement)	**2**	**3.43**	**1.72**	**970.01**
Sincerity – 1	7	8.22	1.17	663.59
Sincerity – 2	2	3.57	1.78	1,007.42
SUB-TOTALS (Sincerity)	**9**	**11.79**	**1.31**	**739.99**
Non-scored Respondents	3	1.33	0.44	249.58
SUB-TOTALS (Non-scored)	**3**	**1.33**	**0.44**	**249.58**
GRAND TOTALS	**32**	**100.00**	**3.13**	**1,765.25**

Source: Survey Data

KEY:

Brand Personality Factor	**Personality Facets**
Competence – 1	Reliable, Intelligent & Successful
Competence – 2	Reliable, Successful
Competence – 3	Reliable, Intelligent
Competence – 4	Reliable
Excitement – 1	Daring, Spirited, Imaginative & Up-to-date
Excitement – 2	Daring, Imaginative & Up-to-date
Sincerity – 1	Down-to-earth, Honest, Wholesome & Cheerful

Sincerity – 2	Honest & Cheerful

The respondent companies were clustered under the shared brand sub-personality and corresponded with their consolidated premium production (in 2011). Respondents clustered under Competence personality (sub-personality 1 to 4) had underwritten 83.45% of the annual total premium production, Excitement personality achieving 3.43% while Sincerity personality attained 11.79%. The non-scored respondents produced 1.33% averaging at 249.58 Million per non-scored respondent. From the tabulated statistics the Competence brand personality was the most popular and also produced the highest, averaging at 2,618.85 Million per respondent. The average production per respondent under the Excitement personality was 970.01 Million and under Sincerity personality was 739.99 Million. The average production per brand personality was computed by adding up production of respondents clustered under each brand personality and then dividing the total figure by the number of respondents in each cluster.

The global standard deviation was calculated using the respondents' average (mean) premium produced of KShs.1,765,247,812.50 to get the variation for each respondent's production. The global standard deviation calculated to KShs.1,896,727,419.70, which shows that the production scores of the respondent industry players were widely spread out. The standard deviation has special relevance in relation to a normal distribution, usually a bell-shaped curve when there are as many scores above the mean (average) as below it. In this study the production figures are widely spread that you find some players producing more than two standard deviations (KShs.1,896,727,419.70 multiplied by two) above the industry average (mean).

4.3.6 Respondents' Licensed Business Lines and Respective Brand Personality

The respondents had been asked to specify the business lines they are licensed to underwrite as well as select the personality traits that described their brand personality as shown in Table 4.6

Table 4.6: Respondents' Brand Personality Matched To Licensed Business Lines

Business Line	Frequency	Competence	Excitement	Sincerity	Non-scored
Long Term Only	9	4	1	3	1
Percentage (%)	28.1	12.5	3.1	9.4	3.1
Short Term Only	17	9	1	5	2
Percentage (%)	53.1	28.1	3.1	15.6	6.25
Composite (Long & Short Term)	6	5	0	1	0
Percentage (%)	18.8	15.6	0	3.1	0
TOTALS	**32**	**18**	**2**	**9**	**3**
Total Percentage (%)	**100**	56.25	6.25	28.1	9.4

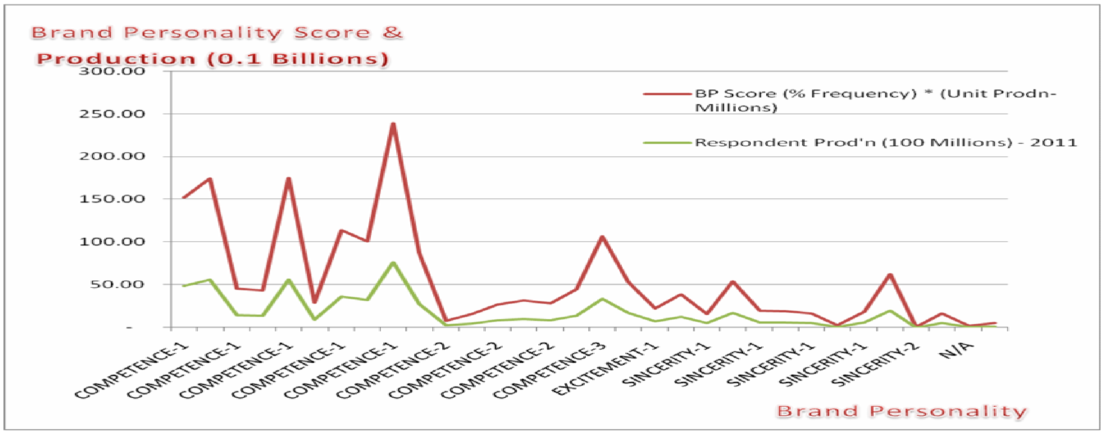
Source: Survey Data

The brand personality was matched with the licensed business line of either short-term, long-term or composite. Out of the 56.25% respondents with a Competence personality 12.5% were long-term business line respondents, 28.1% short-term business line and 15.6% composite underwriters. Out of the long-term business line respondents 3.1% were of the Excitement personality while 9.4% fell under the Sincerity personality (3.1% were not scored). Among the composite business lines respondents (total of 18.8% of all respondents), 15.6% were of the Competence personality and all others (3.1%) were of Sincerity personality.

4.3.7 Individual Respondent's Brand Personality and Premium Production

The respondents had been asked to select the personality traits that described their brand character and indicate their production figures for 2010, 2011 and 2012. The percentage frequency of occurrence of each brand sub-personality was multiplied by the production of each respondent in multiples of a tenth of a Billion to arrive at the brand personality weighted score for each respondent.

Figure 4.1: Each Respondent's Brand Personality Plotted Against Premium Production (in 0.1 Billions)



KEY:

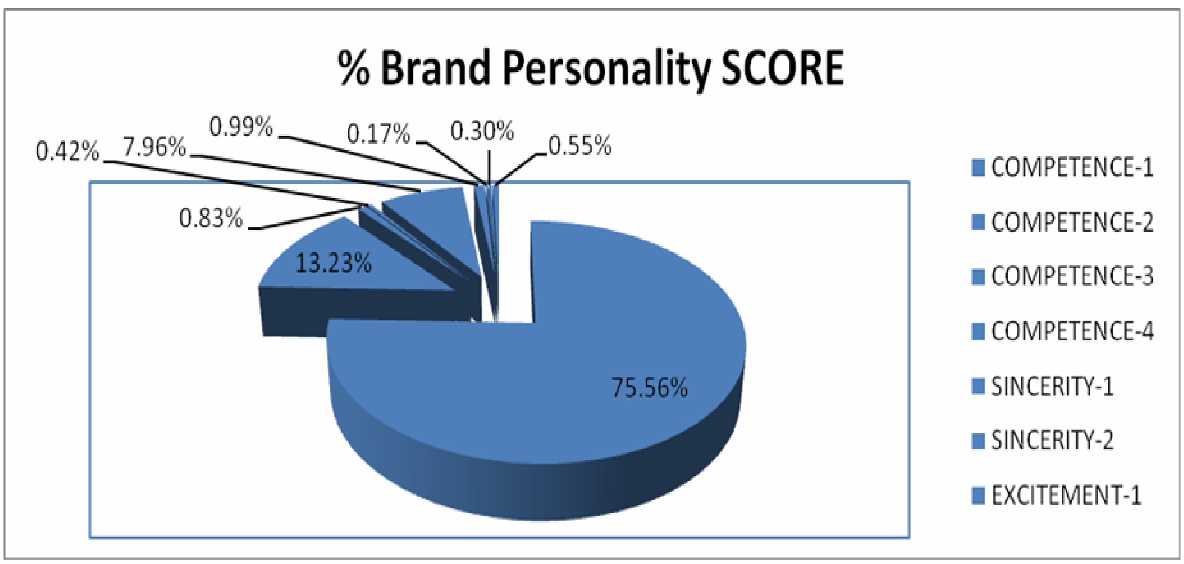
Brand Personality -Code	**Brand Personality Weighted Score**	**Respondent Production (0.1 Billions) - 2011**
COMPETENCE-1	151.94	48.62
COMPETENCE-1	174.48	55.83
COMPETENCE-1	44.95	14.39
COMPETENCE-1	43.46	13.91
COMPETENCE-1	175.20	56.06
COMPETENCE-1	28.86	9.24
COMPETENCE-1	114.02	36.48
COMPETENCE-1	100.46	32.15
COMPETENCE-1	238.84	76.43
COMPETENCE-2	87.25	27.92
COMPETENCE-2	7.69	2.46
COMPETENCE-2	15.37	4.92
COMPETENCE-2	27.00	8.64
COMPETENCE-2	31.42	10.05
COMPETENCE-2	28.01	8.96
COMPETENCE-2	44.55	14.25
COMPETENCE-3	106.25	34.00
COMPETENCE-4	53.33	17.07
EXCITEMENT-1	22.06	7.06
EXCITEMENT-2	38.56	12.34
SINCERITY-1	15.94	5.10
SINCERITY-1	53.61	17.16
SINCERITY-1	19.75	6.32
SINCERITY-1	18.75	6.00
SINCERITY-1	15.95	5.10
SINCERITY-1	2.60	0.83
SINCERITY-1	18.57	5.94
SINCERITY-2	62.50	20.00
SINCERITY-2	0.46	0.15
N/A	16.37	5.24
N/A	1.63	0.52
N/A	5.40	1.73

Each respondent's brand personality score was plotted alongside the individual respondent's production (in 0.1 Billions) and matched to each brand sub-personality as shown in Figure 4.1 above. The result were two curves, with the curve above the other representing the brand personality weighted score (BP score) while the curve below it represented production per respondent in 100 Millions (0.1 Billion). The two curves slope downwards from left to right and are almost in tandem, portraying a positive relationship between brand personality and premium production as far as insurance business in Kenya is concerned.

4.3.8 Brand Sub-Personality Percentage Weighted Scores

The respondents had been asked to select the personality traits that express their brand character and indicate their premium production figures for 2010, 2011 and 2012. The percentage frequency of occurrence of each cluster of brand sub-personality was multiplied by the total production of respondents in that cluster, production in multiples of a Hundred Million (0.1 Billion) to arrive at the brand personality weighted score for each cluster. Each cluster's brand personality weighted score was calculated as a percentage of the total scores for all clusters and the data converted into a pie-chart as shown in Figure 4.2 below.

Figure 4.2: The Brand Sub-Personality Percentage Weighted Scores



KEY:

Brand Sub-Personality	Brand Personality Score	% B. P. Score
COMPETENCE-1	9.65	75.56
COMPETENCE-2	1.69	13.23
COMPETENCE-3	0.11	0.83
COMPETENCE-4	0.05	0.42
SINCERITY-1	1.02	7.96
SINCERITY-2	0.13	0.99
EXCITEMENT-1	0.02	0.17
EXCITEMENT-2	0.04	0.30
NON-SCORED	0.07	0.55
	12.77	**100.00**

Brand sub-personality of Competence-1 takes up over 75% of the weighted scores while the entire Competence brand personality (sub-personality 1 to 4) takes up 90.03% of the weighted scores. The balance of weighted score was shared by the other three brand personality categories with Sincerity taking 8.94%, Excitement managing 0.47% behind the non-scored respondents who attained 0.55%. As shown on Figure 4.2 Competence brand personality is the brand personality that limes well with insurance business by a ratio of 9:1 against all other personalities.

4.4 Discussion

The discussion seeks to address the research questions of determining the brand personality of insurance companies in Kenya and establishing the relationship between brand personality and market penetration among them. The industry challenges and deficiency in regulation in some situations restrain the formation of clear brand personality and therefore slow down market penetration of insurance.

4.4.1 Challenges Facing the Industry

Some of the challenges dogging the industry include unfair and cut-throat competition resulting from the low penetration and growth of insurance, low and ‘inaudible’ publicity, poor public image in general, and low levels of innovation and product development. The Insurance Regulatory Authority (IRA) formulates and enforces insurance standards in Kenya. The IRA should ensure there are minimum prices for majority of the risks and enforce compliance through hefty fines and stern disciplinary measures.

The other serious drawbacks include poor product knowledge by some of the employees working for the insurance firms, unclear work procedures, over-reliance on intermediaries to get business (over 80%) and fragmentation (there are many small and medium-sized firms sharing the small insurance portfolio in Kenya). If Kenya had about ten insurance firms only as at the time of the study, the gross annual production in 2011 (KShs.91.6 Billion) would have been shared amongst the ten and the average production per firm would have been over 9 Billion (compared with the respondents' average production of KShs.1.76 Billion). Fragmentation is such that no single insurance company commanded even ten percent of the industry performance (the highest respondent performer being 9.82%) and therefore none could influence the industry majorly in any direction.

There are respondents who had very few marketing and sales work force, meaning they wholly depended on intermediaries for their business or they already had captive business from the affiliate organizations and institutions, since many insurance intermediaries usually place their customers' businesses only with reputable firms. Advertisements and the marketing function in general assume a lead role in transforming an organization's distinctive personality, skills and resources into positional advantages in the market and in the minds of customers. Failure to market and/or advertise raises more questions than answers and led the author to suspect that a number of respondents could have been formed for the sole purpose of insuring their affiliate organizations and other related entities hence the little need for marketers.

4.4.2 Industry Regulation

The insurance regulator can address the problem of premium undercutting by imposing premium minimums for various risks and policies and policing the industry with imposed severe penalties for non-compliance. The insurance firms can assist in market penetration through a global publicity campaign where every entity contributes a set minimum amount of money towards the general advertising and promotions to reach as many prospects as possible. These campaigns should be tailor-made to clean the poor public image the industry currently is encumbered with, as well as involving the public more in risk prevention and reward for less risky policy-holders. Each firm would still be free to do their individual publicity. The poor employee product knowledge can be addressed by requiring insurance companies recruit only applicants with basic insurance knowledge and then have training budgets for improving and equipping the employees further. This will facilitate product development and enhance innovation. It may be difficult to reign in ‘suspicion’ in the industry although the regulator and the Association of Kenya Insurers (AKI) can minimize it through enlightenment of the players, but at least the firms should give the academia a chance to collect information for education purposes, with the hope that the academia may in future assist in product development and innovations. The regulator can also help the industry by requiring that customers be owned by the insurance firms that have insured them so that the insurers can interact with their customers without inhibitions, albeit with the knowledge of and attendance by intermediaries. With close contact and constant interaction the brand personality of the insurance companies will be unmistakable and will be enhanced further by the feedback from customers.

4.4.3 Brand Personality

Brand personality is affected by uses, the users, neighborhood, activities, packaging, marketing and advertising style, executive influence, the representative employees who interact with users, the product attributes of quality and reliability, brand name awareness, brand loyalty and other organizational attributes. Advertisements contribute immensely to brand building and shaping of the brand personality. The brand personality and personality traits influence consumers’ perceptions and buying behaviour, and are valuable factors in increasing brand engagement and brand attachment. Fragmentation of insurance companies in Kenya limited the growth of insurance in the country because several of the players did not make enough money to enable them carry out research adequately (to aid product development and innovation) and publicize for awareness and further penetration. If only ten insurers were registered in Kenya by time of the study (2011) the average production would have been over 9 Billion per firm (91.6 Billion divided by ten), which is relatively adequate to engage is substantial advertisement and promotions, finance research, reward innovations among other improvements. From the general information obtained from the study there is substantial evidence that several respondents did not apparently have knowledge about their brand personality.

The disadvantage of lacking knowledge about their brand personality is that whenever the respondents advertised or undertook publicity and promotional drives, they did not exploit brand personality to reach the target audience in a meaningful and emotionally associative dimension.

Advertisements and the marketing function in general should assume a lead role in transforming an organization's distinctive personality, skills and resources into positional advantages in the market and in the minds of customers. Customers' perceptions and judgments of quality and contentment are vital pillars to a strong brand response. Insurance as a low-contact service has much of the insurer's expertise hidden, and it is what the customers have learnt, felt, seen, heard or expect that make them develop trust, likeability, and credibility towards the insurer and only then can they subsequently put the brand (insurer) in their consideration set.

There is a high correlation between brand personality and market growth (penetration) of insurance products and services because only a few products/services are mandatory and the bulk of the other products/services are optional and voluntary. Brand personality can influence production and demand, especially with life insurance policies that are sold based on referrals by close acquaintances who have already bought, as well as sales people quoting prominent personalities who have similar policies to those they are fronting. This by extension assists the prospect to form perceptions and project the personalities of the existing customers to the insurance company before considering getting involved.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this last chapter it will cover the summary of findings, conclusion and recommendations. It will also highlight the limitations of the study and recommendation for policy and practice. The two objectives of the study were to (i) establish the brand personality of each of the forty-six (46) licensed insurance companies in Kenya, and (ii) to establish the relationship between brand personality and market penetration among these insurance companies.

5.2 Summary of the Findings

The research findings established the first objective of determining the brand personality of the respondents and to a great extent confirmed the second objective of the survey by establishing a relationship between brand personality and market penetration among these insurance companies. Brand personality of insurance companies in Kenya is influenced by age; the ages of the respondent companies as shown in Table 4.1 reveals that about forty percent (40%) of the respondent companies are below 30 years of age, meaning that sixty percent (60%) respondents have been doing business in Kenya for over 30 years. The average age of the respondents was actually 32.4 years with a standard deviation of 22 years implying that a major cluster of the respondents is within one standard deviation from the mean (average). The standard deviation took account of all of the scores and provides a sensitive measure of dispersion. It is noteworthy that the age dispersion of the insurance companies studied can be termed as a normal distribution because about two thirds (65%) of the respondents lie within one standard deviation from the mean, that is, those between ages of 10 and 52 years of existence in Kenya. The premium production per age bracket as shown in Table 4.1 reveals that age plays a part in the market penetration and growth in that the older insurance companies produced more on average. The age brackets of respondents above 30 years produced a percentage above twenty, and even the age stratum of 1 to 10 years that averaged production at 1,040.64 Million had a contribution of age because one of the respondents was as a result of a merger of two older companies.

Classifying the respondents in terms of the business lines they are licensed to underwrite as shown in Table 4.2 revealed that despite 53.1% of the companies being licensed to underwrite short-term business lines they only produced 44.3% of the total annual premiums. The lions share actually went to the composite underwriters who despite being 18.8% of the respondent population managed to produce 37.1% of the total premiums. The long-term underwriters made up 28.1% of the population and managed about 18.6% of the annual production by the respondents. In 2011 a number of hitherto composite companies demerged into Life (long-term) and Non-Life (short-term) Insurance companies enabling the management of these respective companies to focus a lot more on the respective lines of business. Hopefully the demerged companies will maintain the tempo of production as when they were under composite business line.

The first objective of establishing the brand personality of each of the respondent companies was achieved ninety percent (90.6%) because some respondents (9.4%) could not be scored. The most common and popular brand personality that emerged from the study was 'Competence' (56.3%) but with some variations. Some respondents selected all the available traits (and by extension all facets) within 'Competence', while others selected the traits corresponding to the facets of either 'reliable', 'intelligent' or 'successful' or a combination of two of them. Some few of these respondents who have 'Competence' personality also selected another second personality, mainly 'Sincerity'. Respondents had been allowed on the questionnaire to pick a maximum of two sets of personality traits therefore giving them a chance to have duo personality.

The five (5) brand factors and fifteen (15) facets were not displayed alongside the traits on the questionnaire to avoid respondents superfluously tailor-making their brand personality or picking an appealing Personality Factor and by extension all the facets and traits under it without close scrutiny and consideration. That way they would fail to point out the appropriate traits that communicate their brand. Within the brand factor of 'Competence' the descriptive traits that were shown on the questionnaire under the facet of 'Reliable' included hard-working, secure, efficient, trustworthy and careful. Those under 'Intelligent' facet were technical, corporate, and serious. Traits under 'Successful' facet were leader, confident and influential. The second popular brand personality factor was 'Sincerity' (28.1%) with the facets of down-to-earth, honest, wholesome and cheerful. Majority of those who selected Sincerity also picked Competence as their second brand personality. The descriptive traits within 'Sincerity' under the facet of Down-to-earth that were shown on the questionnaire included family-oriented, conventional, blue colour. The traits under 'Honest' facet were sincere, real, ethical and caring, while under 'Wholesome' facet the traits were original, genuine, ageless, classic and old-fashioned. Under 'Cheerful' facet were sentimental, friendly, warm, and happy. The third brand personality factor selected was 'Excitement' (6.3%) with the facets of daring, spirited, imaginative and up-to-date. The traits shown on the questionnaire under 'Daring' facet included trendy, exciting, off-beat, flashy and provocative. Under 'Spirited' facet the traits were cool, young, lively, outgoing and adventurous, while under 'Imaginative' facet were unique, humorous, surprising, artistic and fun. Under 'Up-to-date' facet the traits were independent, contemporary, innovative, and aggressive. Some of the popular traits as selected under Excitement were 'unique' and 'innovative' because a number of respondents thought their brand as unique or innovative.

Product class affects brand personality but the product-related characteristics are usually primary drivers of brand personality. 'Competence' brand personality should embrace traits like skills, efficiency, proficiency and strong aptitude levels as well as trustworthiness and prosperity. That informed the author to divide this brand personality into four brand sub-personality because when some of the facets or key personality traits of the brand factor are left out the personality is not ideally as authoritative and influential as it is envisioned to be. For instance those respondents who only selected 'reliable' facet scored high on trustworthiness and hardworking but the 'Competence' personality was incomplete because it missed the innovativeness, skills and prosperity. 'Sincerity' personality embraces traits like genuineness, authenticity, originality, honesty, friendliness and warmth. The respondents who selected only traits within 'honest' facet missed out on friendliness, originality and warmth which would otherwise have brought out a convincing 'sincerity' personality. In the study there were only two variations under 'sincerity' personality. Excitement personality embraces modernity, humor, fun-loving, aggressiveness, uniqueness, innovation and youth. In the study there were only two variations under 'excitement' personality. The employees or directors of a respondent company tended to select what they considered most appropriate traits on the questionnaire not to depict their company in bad light as is normal in self-reporting. However, the author got information that the respondents who selected 'Excitement' personality were represented by very new employees in those firms who obviously did not have all the facts about the organization.

The respondent companies were classified based on the annual premium underwritten in 2011 divided into four layers to accommodate roughly a quarter of the subjects. As shown in Table 4.4 18.8% of the respondents each produced premiums below 500 Million, which averaged at 176.8 Million per respondent, while 31.3% of the respondents produced between 501 Million and 1

Billion with an average of 720.89 Million per respondent. 25% of the respondents produced between 1 Billion and 2 Billion, a share of 21.1% of the total annual production, and an equal percentage produced over 2 Billion amassing 65.1% of the total production. The overall average (mean) premium production per respondent calculated to 1,765.25 Million with a standard deviation of 1,896.7 Million. The standard deviation as a measure of dispersion shows there are as many scores above the mean (average) as below it. In this study the production figures were widely spread that you find some players produced far much more than two standard deviations (double of KShs.1,896,727,419.70) above the industry average (mean) of 1765.25 Million.

The research findings established the positive relationship of brand personality and market growth or penetration. The respondent companies who had ‘Competence’ brand personality are the ones that had achieved a higher market growth and market share. As shown in Table 4.5 the average production per respondent among those with a Competence personality was 4.6% of production or about 2,618.8 Million (a total among them of 83.5% or about 47,139.2 Million). The second personality of Excitement only scored an average of 1.72% or about 970.01 Million per respondent, with the third personality of Sincerity (second popular, but among the smaller players) managed an average production of 1.31% or about 739.99 Million per respondent. The respondent companies that fitted the second and third brand personality scored way below the industry average production of 1,725.25 Million, which can be attributed to many factors one of them being a weak brand personality.

The brand personality of many respondent companies may not have properly formed due to the minimal or lack of publicity (surprisingly some employees of some insurance companies did not know some of their competitors). Some owned up they did not publicize be it through advertisements or sponsorship of public or charitable events, with several not even having any advertisement budgets. Some few others confirmed they had very few marketers and sales people. Several of those respondent companies that occasionally advertised hinted they only did so for particular occurrences, while those that sponsored events mainly chose football. Considering that advertisements and sponsorships must bring out and enhance the desired personality and a conscious effort has to be made to achieve this though suitable advertisements and appropriate sponsorship; several respondents apparently did not have a brand personality to work towards.

5.3 Conclusions

The study was to draw attention to insurance companies in Kenya that brand personality was a means to consequential differentiation which can trigger favourable brand response. The level of innovation among the insurance companies was still low and differentiation on that front was minimal or non-existent. Even where one player innovated the innovator enjoyed a very short span of exclusive business pertaining to their innovation because the others copied the product or service and at times even sold at a lower premium than the innovator. Many respondents lacked concentration on any particular niche markets that would have generated and nurtured an amiable brand personality for them.

Several of them traded with the entire market, offering the same products and services that were being offered by others thus being one-in-ten (unnoticed). This increased competition and price wars while trying to get business to justify their existence. Some of the respondent companies that were strong in particular products or service areas apparently never made a conscious choice to concentrate in such products or services as their flagship offerings. That would have enabled their potential customers to learn the strength of the company in the particular product(s) and get attracted more to that company and eventually develop a personal relationship with the ‘brand’.

Brand personality is affected by uses, the users, neighborhood, activities, packaging, marketing and advertising style, executive influence, the representative employees who interact with users, the product attributes of quality and reliability, brand name awareness, brand loyalty and other organizational attributes. If the companies strong in certain fronts were to differentiate themselves through development of unique brand personality, they would have created perceptions through presentations and packaging of the offering (product or service), and ensure their employees behave accordingly towards customers and the general public, as well as highlight the relevant brand’s user imagery. They would also ensure the desired brand personality and the user imagery e.g. trustworthy celebrities, supplements each other to bring out immediate awareness, acceptability and optimism towards their offering.

The Insurance Industry in Kenya recorded a gross written premium of KShs.108.54 billion in 2012 compared to KShs. 91.60 billion in 2011, representing an increase of 18.49%. Africa continues to register the lowest contribution to the global insurance premium at 1.6%, although Kenya has been able to grow its penetration from 2.5% to 3.16% of Gross Domestic Product

(GDP) in the last seven (7) or so years. The Kenyan insurance market once again managed an overall growth of 18% in 2012 against 15% in 2011, and now it is the fourth highest in Africa, and higher than Mexico, Russia and China. The market penetration in Kenya was 3.16% of Gross Domestic Product (GDP) in 2012 compared to 3.02% in 2011.

Market penetration being a measure of a brand or category popularity, or the extent to which a product or an advertisement has been accepted by (or has registered with) the total of possible users, insurance companies in Kenya had three options of market penetration. One was to increase the current insurance customers' rate of use of insurance products and services. Another was to attract the competitors' customers, and a third was to attract the current non-users. From this study and Association of Kenya Insurers (AKI) reports competition was exacerbated by most of the respondents preferring the second option of attracting competitors' customers through lower premiums than the other two options. That would explain the dismal growth from 3.02% (2011) to 3.16% (2012) in market penetration despite the popular micro-insurance products. Micro-insurance business provides protection accessible to the low income population against specific perils and should be the next frontier of insurance penetration in Kenya, if the banking lesson can be duplicated.

Competition was ranked highest among the challenges facing the insurance companies with several respondents even being suspicious that the information they give on the questionnaire may be used by their competitors to undermine their business position. With some insurance companies doing so dismally in the market the problem of premium undercutting coupled with imprudent underwriting practices continued to destabilize the sector. Other challenges facing the insurance industry included the economic factors of inflation, moral hazard and fraud, poor image of the industry, weak government policy and regulations, HIV/AIDS, and worst of all fragmentation.

The survey revealed the serious level of fragmentation in that there was no single insurance company that commanded even ten percent of the industry performance (the highest respondent performer being 9.82%) and therefore none that could influence the industry majorly in any direction. The large number of players in a relatively small economy also contributed to the unfair competition and the minimal penetration and shallow research into the market requirements if

any. The many small players could not invest in serious research and innovation and barely had marketing, promotional and publicity budgets to reach their customers adequately leave alone explore the uninsured mass market in the country. Fragmentation was a major contributor to the low growth rate and led to intensified shallow and unhealthy rivalry among the players. All was not lost because the Association of Kenya Insurers (AKI) in the meantime had started a publicity campaign in an effort to reach the masses, despite their meager budget. With the numerous media houses in the country currently it was rather expensive to reach the masses in a significant way.
The author learnt that some respondents were scouting for small insurance companies with the intent of consolidation to enjoy economies of scale and also gain competitive advantage. Some players were eager and creative innovators while others were creative imitators and risk avoiders. Services are mentally intangible and difficult to visualize and understand due to lack of easy reference points to help distinguish among competing suppliers. Insurance is a service and it is difficult to assess important service features in advance of use and to evaluate the quality of performance itself. As consumers' lives become complicated, rushed and time-starved, the ability of a brand to simplify decision-making is invaluable. Insurance brands should signal a certain level of quality so that satisfied buyers can easily choose the product or service again, and also become ambassadors of the brand(s). Brand personality is distinctive and enduring with considerable face validity to even guide communication effort.

5.4 Limitations of the Study

Surveys are obtrusive and unmistakable and therefore the respondents are aware that they are being interviewed. Such awareness can potentially affect their response. The information obtained through the survey was self-reporting where the respondents gave information about their companies and most likely the information given may have been skewed or inaccurate. The use of structured questions where the researcher predetermined the information they wish to obtain from the respondents assumed that the researcher will be able to get answers to all questions because the respondents will understand and respond accordingly. This was not always the case, for instance there were instances where respondents were asked to select one set of traits out of five sets and some actually selected all the traits in all the five sets.

The other limitation was the suspicion held by many respondents that the information needed by the researcher was 'very' sensitive and confidential and if it fell into the wrong hands can compromise their business position. Three target respondents categorically declined to complete

the questionnaire, with some few others omitting some ‘sensitive’ questions. There was also the issue of bureaucracy where information to be given out had to be authorized at different levels in the organization, which delayed the questionnaires and in some cases making them time barred.
The drop and pick method of conducting the survey proved to be inappropriate because almost 25% of the questionnaires dropped got misplaced or were given to the senior management who were most of the time out of the office or inaccessible, and nobody could pick the questionnaire from their offices without their express authority. This method also proved to be a burden in the sense that junior and new and inexperienced people in the organizations were left to complete the questionnaire with a lot of information not in their domain or control being inaccurate or left out altogether. There was a feeling among many of the respondents that the study was actually a bother and an interruption of their busy schedules and this partly informs why new employees found themselves with the questionnaires to complete. It is ironic that the same organizations will soon be seeking persons with this or that academic credentials but they are not interested how they attained these certificates.

Despite these limitations the researcher is confident that the study was not significantly impaired and the results point towards the conclusion given.

5.5 Recommendations

5.5.1 Recommendations with Policy Implications

The insurance industry in Kenyan is fragmented since none of the insurance companies has a significant market share to strongly influence the industry outcome. The regulatory authority should ensure that the requirements for licensing new insurance companies are stringent enough to limit the number of new entrants. The regulatory authority may also come up with minimums to be attained in each business line so that those who do not meet these deadlines are deregistered or required to consolidate with others to meet the set minimums. Some of the set minima may include premium production, training levels of staff, contributions towards Association of Kenya Insurers (AKI) advertisements (to facilitate penetration), strict patent rights for innovators, and confine self-insuring of assets belonging to insurance companies and their affiliates to a fraction or percentage and the balance be ceded to other underwriters.

5.5.2 Suggestions for further Research

The author had not come across similar studies done in Kenya involving the brand personality of insurance companies and the relationship to market penetration. More research is therefore necessary in this field and it is recommended that next time round the insurance intermediaries and some customers be targeted as the respondents to minimize cases of self-reporting. The self-reporting by the subject of a study tends to give a skewed result. The actual but a vivid brand personality may be communicated by users and outsiders who interact closely with the subject. A similar study can also be extended to other key industries in Kenya.

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APPENDIX 1: LETTER OF INTRODUCTION

12th November, 2013

TO WHOM IT MAY CONCERN

RE: LETTER OF INTRODUCTION

I am Samuel W. Ngunjiri, a Master of Business Administration (MBA) student of the University of Nairobi. My registration number is D61/60085/2010.

I am required to submit as part of my course assessment a research project report on a management problem. The topic of my study is BRAND PERSONALITY AND MARKET PENETRATION AMONG INSURANCE COMPANIES IN KENYA.

You have been selected to participate in this study due to the importance of your organization's information to the study. The information you provide will be used solely for academic purposes and a copy of the report will be availed to your organization on request.

I truly appreciate your participation.

Thanking you.

Yours sincerely,

SAMUEL W. NGUNJIRI

D61/60085/2010

APPENDIX 2: QUESTIONNAIRE

Brand personality is the set of human characteristics/human traits associated with a given brand, and helps to differentiate among brands specifically when they are alike in many attributes. Brand personality creates loyal customers through merging of personalities, and contributes to differentiation of brand identity, guides the communication effort and creates brand equity. Customers often interact with brands as if they were people.

Please answer the following questions in relation to your brand.

SECTION A

1. Name of your Company: ________________ ____________________ _____________ ___

2. Name of the respondent (optional): _______________ __________________ ____________

3. Respondent's job title in the Company __________________ ________________________

4. What insurance business is your Company licensed to underwrite? (Please check as applicable);

   Short-term [ ]   Long-term [ ]

5. What is the number of your permanent staff members? {Please check one}

   [1] Up to 50   [2] Between 51 & 100   [3] Between 101 & 200   Above 200 [4]

6. When did your organization commence operations in Kenya? YEAR ______________

7. Do you have branches within Kenya? YES - [ ]   NO - [ ]

   If so, how many? [______________] (*Please provide a list with locations*).

SECTION B

8. What is the exact **brand name** of your organization {the Company name / Department / Product / Person / Other}? ______________ ____________ ______________ __________

   _____________ ______________ _____________ __________ ___________ ___________ __

   ________________________ ______________ _____________ __________ ___________ __

9. What is your brand marketing campaign slogan(s)? _________ ____________ ______

_____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ ___

________ _____ _____ _____ _____ _____ _____ _____ _____ _____ ____ ______

10. Which events, charities or games have you sponsored in the last three years?

Event		YEAR 2012	YEAR 2011	YEAR 2010
Football	[ ]			
Charity	[ ]			
Rugby	[ ]			
Athletics	[ ]			
Marathon	[ ]			
Other	[ ]			

specify Other Event _______ ___________ ___________ ________

_______ ___________ _______ _______ _______ _______ _______

11. What is unique or what stands out about your Brand?

Consistent visual and verbal elements - [ ]

Unique memorable logo - [ ]

Meaningful graphics - [ ]

Identifiable personality (look & feel) - [ ]

Professionalism - [ ]

Other (please specify below) - [ ]

______ ______ ______ ___________________ ___________ ___ ______ ______

______ ______ ______ ___________________ ___________ ___ ______ ______

______ ______ ______ ___________________ ___________ ___ ______ ______

12. How often do you advertise your Brand?

Monthly -[ ], Quarterly -[ ], Annually -[ ] Other -[ ] please specify; ______

___________ ___________ __ ___________ ___________ _______ ____ ______ ___

___________ ___________ ___________ ____ ____ ____ ____ ____ ____ ____ ____

13. Which medium/media do you mostly use to advertise your Brand?

Print [ ] Internet [ ] Television [ ] Radio [ ] Other [ ] *please specify*

______ ______ ___ ___ ____ __________ __________ __________ _________

__________ __________ _________ _____ _________ _________

14. In advertising do you use any of the following?

Reference Groups [ ]

Celebrities [ ]

CEO influence [ ]

Symbols [ ]

Idealized/Stylized/Famous Users [ ]

Other [ ] *please specify* _______ ________ _______ _______

____ ______ _______ _______ _______ _______ _______ _______ _______ _______

__ ______ __ ____ _______ _____ _____ _____ _____ _____ _____ _____

15. Do you use the above (see Question 14.) for your other brand marketing efforts?

YES [ ] NO [ ] If so, which one(s)? _______ _______ _______

____ _______ _______ _______ _______ _______ _______ _______ _______ _______

_______ _______ _______ _______ _______ _________ __ _______

16. Insurance being a low-contact service, what kind of contact, interaction and association do you maintain with <u>majority</u> of your customers?

Direct Contact -[ ] Through Brokers -[ ] Internet / Emails -[ ]

Through Tied Agents -[ ] Other -[ ] *please specify* ________ _____ ____ ___

_____ ____ _________ __________ ________ _________ __________ _____ ____ ____

____ ____ ____ ____ ____ ____ ____ ____ ____ ____ ____ ____ __

17. When your customers experience difficulties or sustain losses/claims, do they <u>commonly</u> contact your Company directly or through intermediaries? YES [ ] NO [ ]

18. What are some of the strongest associations your customers have to your brand? *{**What comes to your customer's mind when they hear or think about your brand?**}*

__________ ___________ _____________ _________ ____________ _____________

____________ ____ _________ __________ ________ _________ __________ ____

19. Is there any class of insurance (or product) that is marketed separately as a sub-brand of your main or company brand? YES [ ] NO [ ]. If "YES", what is the sub-brand? ___________ ___________ ___________ ________ ________ ________ ________
________ ________ ________ ________ ________ ________ ________ ________ ________ ___

20. What is your sub-brand marketing campaign slogan(s)? ___________ __________ ______
___ ___________ ___________ _____ ___________ ___________ ___________ ___________

21. **If your BRAND was to come alive as a person, what would it be like? What would it do? Where would it live? What people would it associate with? Would it be old or young? Would it be cold or warm? Would it be rugged or sophisticated?**
Please read the following human qualities/characteristics/traits and indicate the ones that rightly apply to your brand(s); -

Please check (tick or cross) the traits within any ONE SET that suitably apply to your brand. If you strongly consider another set of traits also applies to your brand, please indicate {at most TWO sets, 1 to 5, will be considered}; -

<u>SET 1</u>

Family-oriented		Conventional		Blue Colour					
Sincere		Real		Ethical		Caring			
Original		Genuine		Ageless		Classic		Old-fashioned	
Sentimental		Friendly		Warm		Happy			

<u>SET 2</u>

Trendy		Exciting		Off-beat		Flashy		Provocative	
Cool		Young		Lively		Outgoing		Adventurous	
Unique		Humorous		Surprising		Artistic		Fun	
Independent		Contemporary		Innovative		Aggressive			

<u>SET 3</u>

Hand-working		Secure		Efficient		Trustworthy		Careful	
Technical		Corporate		Serious					
Leader		Confident		Influential					

SET 4

Glamorous		Good-looking		Pretentious		Sophisticated	
Feminine		Smooth		Sexy		Gentle	

SET 5

Masculine		Active		Athletic	
Rugged		Strong		No-nonsense	

SECTION C

22. Which channel(s) generates most of your business portfolio, considering the past three years {2010/2011/2012}?

    Direct Sales force - [ ] Through Brokers /Agencies - [ ] Tenders - [ ]

    Through Tied Agents - [ ] Other - [ ] *please specify* ________ _____ __ _____

    _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ __

23. Out of the insurance business acquired, which have been some of your leading insurance products in the past three years and how much premium did your organization underwrite in these respective years?

Product		**YEAR 2010**	**YEAR 2011**	**YEAR 2012**
Motor Private	[ ]			
Motor Commercial	[ ]			
Fire Industrial	[ ]			
Domestic Package	[ ]			
Burglary	[ ]			
All Risks	[ ]			
Medical	[ ]			
Group Life	[ ]			
Ordinary Life	[ ]			
Other(s)	[ ]			

24. Would you attribute your improved performance in any of these products to attracting; -

    a) Business from the competitors (other insurance companies)? YES [ ] NO [ ]

    b) Additional business from your existing policy-holders? YES [ ] NO [ ]

c) New business from previously non-insured customers? YES [ ] NO [ ]

OR

d) New product features through your organization's innovation? YES [ ] NO [ ]

e) Increment in your premium rating? YES [ ] NO [ ]

25. Which of the following insurances do you market more vigorously OR would you consider your flagship product(s)?

Motor Commercial - [ ]

Motor Private - [ ]

Medical - [ ]

Fire Industrial - [ ]

Ordinary Life - [ ]

Other - [ ] *please specify* ________________________________

____

____

26. Do you have a specific target or niche market for your insurance products? For example; -

Bottom of the pyramid (low income) - [ ]

Up-market clientele (high income) - [ ]

Middle class clientele - [ ]

Other - [ ] *please specify* ________________________________

____

THANK YOU.

APPENDIX 3: INSURANCE COMPANIES IN KENYA

List of Registered Insurance Companies – 2013

No.	Company	Address
1	AAR Insurance Kenya Limited	P. O. Box 41766 – 00100, NAIROBI
2	A P A Insurance Limited	P. O. Box 30065 – 00100, NAIROBI
3	Africa Merchant Assurance Company Limited	P. O. Box 61599 – 00200, NAIROBI
4	Apollo Life Assurance Limited	P. O. Box 30389 – 00100, NAIROBI
5	AIG Kenya Insurance Company Limited	P. O. Box 49460 – 00100, NAIROBI
6	British-American Insurance Company (Kenya) Limited	P. O. Box 30375 – 00100, NAIROBI
7	Cannon Assurance Limited	P. O. Box 30216-00100,NAIROBI
8	Capex Life Assurance Company Limited	P. O. Box 12043 – 00400, NAIROBI
9	CFC Life Assurance Limited	P. O. Box 30364 – 00100, NAIROBI
10	CIC General Insurance Limited	P. O. Box 59485 – 00200, NAIROBI
11	CIC Life Assurance Limited	P. O. Box 59485 – 00200, NAIROBI
12	Corporate Insurance Company Limited	P. O. Box 34172 – 00100, NAIROBI
13	Directline Assurance Company Limited	P. O. Box 40863 – 00100, NAIROBI
14	Fidelity Shield Insurance Company Limited	P. O. Box 47435 – 00100, NAIROBI
15	First Assurance Company Limited	P. O. Box 30064 – 00100, NAIROBI
16	G A Insurance Limited,	P. O. Box 42166 – 00100, NAIROBI
17	Gateway Insurance Company Limited	P. O. Box 60656 – 00200, NAIROBI

18	Geminia Insurance Company Limited	P. O. Box 61316 – 00200, NAIROBI
19	ICEA LION General Insurance Company Limited	P. O. Box 30190 – 00100, NAIROBI
20	ICEA LION Life Assurance Company Limited	P. O. Box 46143 – 00100, NAIROBI
21	Intra Africa Assurance Company Limited	P. O. Box 43241 – 00100, NAIROBI
22	Invesco Assurance Company Limited	P. O. Box 52964-00200, NAIROBI
23	Kenindia Assurance Company Limited	P. O. Box 44372 – 00100, NAIROBI
24	Kenya Orient Insurance Limited	P. O. Box 34530-00100, NAIROBI
25	Madison Insurance Company Kenya Limited	P. O. Box 47382 - 00100, NAIROBI
26	Mayfair Insurance Company Limited	P. O. Box 45161 – 00100, NAIROBI
27	Mercantile Insurance Company Limited	P. O. Box 20680 – 00200, NAIROBI
28	Metropolitan Life Insurance Kenya Limited	P. O. Box 46783 – 00100, NAIROBI
29	Occidental Insurance Company Limited	P. O. Box 39459 – 00623, NAIROBI
30	Old Mutual Life Assurance Company Limited	P. O. Box 30059 – 00100, NAIROBI
31	Pacis Insurance Company Limited	P. O. Box 1870 – 00200, NAIROBI
32	Pan Africa Life Assurance Limited	P. O. Box 44041 – 00100, NAIROBI
33	Phoenix of East Africa Assurance Company Limited	P. O. Box 30129 – 00100, NAIROBI
34	Pioneer Assurance Company Limited	P. O. Box 20333 - 00200, NAIROBI
35	Real Insurance Company Limited	P. O. Box 4,0001 - 00100, NAIROBI
36	Resolution Insurance Company Limited	P. O. Box 4469 – 00100, NAIROBI

37	Shield Assurance Company Limited	P. O. Box 25093-00100, NAIROBI
38	Takaful Insurance of Africa Limited	P. O. Box 1811 – 00100, NAIROBI
39	Tausi Assurance Company Limited	P. O. Box 28889-00200, NAIROBI
40	The Heritage Insurance Company Limited	P. O. Box 30390 - 00100, NAIROBI.
41	The Jubilee Insurance Company of Kenya Limited	P. O. Box 30376-00100, NAIROBI
42	The Monarch Insurance Company Limited	P. O. Box 44003 – 00100, NAIROBI
43	Trident Insurance Company Limited	P. O. Box 55651 – 00200, NAIROBI
44	UAP Insurance Company Limited	P.O. Box43013 - 00100, NAIROBI
45	UAP Life Assurance Limited	P. O. Box 23842 – 00100, NAIROBI
46	Xplico Insurance Company Limited	P. O. Box 38106 – 00623, NAIROBI

This list of insurance companies was obtained from the website of Insurance Regulatory Authority (IRA) as at the beginning of August 2013.