

Impact of Consumer Brand Relationship on Consumer Engagement; Empirical evidence from life insurance sector in Sri Lanka

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ABSTRACT

Life insurance landscape is increasingly dynamic, and consumer engagement in consumer relationship behavior is changing. Development in brand marketing further influence this continuous dynamism. It is significant to understand the factors that may impact different engagement valence. The purpose of this is to identify the impact of consumer Brand relationship on consumer engagement. A cross-sectional survey was applied and select 384 samples of life insurance customers and it was drawn from selected life insurance companies in Sri Lanka. This study quantitatively explored consumer engagement by using deductive research approach. This study identified the positive impact of consumer Brand relationship on consumer engagement. This is the first research that comprehensively explores the factors Impact of consumer Brand relationship on consumer engagement in the life insurance industry in Sri Lanka.

Key words – consumer brand relationship, exchange relationship, communal relationship, consumer engagement

1. INTRODUCTION

Consumer brand relationship and its impact on consumer engagement has been developed and no quantitative study regarding (Fernandes & Moreira ,2019). Culture is playing significant role for determining the brand relationship and in adapting consumer engagement and these studies investigate western European countries, future research is advised to replicate this study in different countries and cultures (Gong, 2018; Hollebeek, 2018). There are only a few researches that have studied the consumer brand relationship especially in the Sri Lankan context (Pushpakumara & Dissanayaka, 2017). Research findings improve knowledge on how consumers engage with brand and offering significant implication for brand managers. Commitment trust theory can be noted as key variables of a successful relationship and commitment identified as key to achieving valuable outcome (Morgan & Hunt, 1994). Trust and commitment create relationship between brand and customer. Life insurance industry in Sri Lanka should identify their customer value and creating trust with their brand among life insurance policy holders. This study mainly focuses to investigate the impact of consumer brand relationship on consumer engagement.

1.1. Statement of the Problem

Brand relationship related research still rarely studied (Fritz et al., 2014). Business organization need build relationship with their customer and they should provide customer values. Developed countries were conducted most of research related consumer brand relationship and future researchers should conduct more research by selecting developing country context (Ghani & Tuhin, 2018). Sri Lankan insurance industry is still at the early stage and mainly it can be divided into two as life insurance and general insurance. Life insurance penetration level in Sri Lanka has been stagnant over a period of time and it is one of the biggest challenges. Sri Lanka is ranked among the lowest in the region at 1.15%. Insurance penetration level of Sri Lanka significantly lower compared with the Asian average of 5.34 (LOLC Securities, 2017). Penetration of long-term insurance business in 2017 stood at 0.54% (IRCSL; 2017). The reasons for low penetration rate had been sited low awareness level and poor knowledge related life insurance field (Nadeeja & Dhiranjan, 2019; Gitau, 2013; Nthenge, 2012). Reliable and valuable information are needed for life insurance client to get their purchasing decision and communicate good word of mouth among others. The complexities that are inherent in a life insurance policy and the emergence of the millennial generation in Sri Lanka is seen by many to have a significant impact on the insurance industry. Penetration level can be

compared with peers and after easy to identify the problem faced by Sri Lanka compare with other countries by using following chart1.

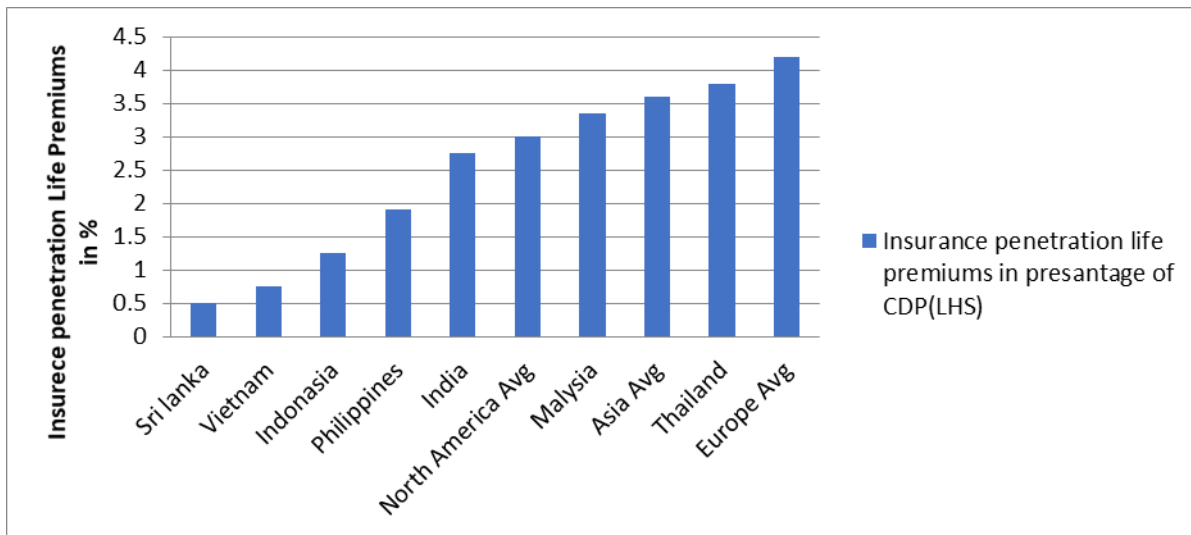


Chart -1: penetration level with peers (Source; Swiss Resigma No.3/2016)

1.2. Research objectives

This study was attempt, 1. To Identify the impact of consumer brand relationship on Consumer Engagement, 2. To Explore the impact of consumer brand relationship on Consumer Engagement in the life insurance industry, 3. Collect information through selected sample and analyze collected data using statistical technique, 4. To give possible suggestions using research finding, for decision makers in life insurance sector and future researchers

2. REVIEW OF LITERATURE

To advance understanding of brand relationship help to build relationship between their customer and brand. Communal relationship and exchange relationship effects to brand relationship (Hommelhoff & Wangenheim, 2015, Aggarwal, 2004). In the study of consumer helping behavior, a particular emphasize has been placed on consumers perception of Communal and Exchange Relationships (Clark & Mills, 1993; Khamitov et al., 2019). Communal relationships and Exchange Relationships are two different types of consumer brand relationship. Business organization should provide value for their customer to maintain their consumer brand loyalty. Brand relationship is nothing but to know how people make long-term commitments to inanimate objects that they buy and use, as well as help make, sell, and distribute (Kumar, 2006). When return their benefit, leads to greater attraction for an exchange relationship compare with communal relationship (Clark & Mills, 1979).

2.1. consumer brand relationships

Shimp and Madden (1988) was the first introducing the concept consumer brand relationship in their paper focusing consumer-object relationship using Sternberg (1986) "Triangular theory of love." They defined consumer brand relationship as "Consumers form relations with consumption objects (products, brands, stores, etc.), which range from feelings of antipathy, to slight fondness, all the way up to what would, in person-person relations, amount to love" (Shimp and Madden, 1988). In the most widely accepted paper on consumer brand relationships by (Fournier, 1998) stated - "Brand may become an active relationship partner for the consumer and provide meanings in a psycho-socio-cultural context. Brand relationship means by adding the dimension of organizational and internal culture aligned in terms of relationship principles. Recently, there has been increased attention on explicating the nature and drivers of intense and extreme consequences of consumer-brand relationships (Pushpakumara & Dissanayaka, 2017).

2.2. Communal relationship

Communal relationship is help or give benefit to others concerning their need, without expecting receiving comparable benefit in return (Clark & Mills,1993). Communal relationship concern about welfare of others and they have positive attitude toward benefiting others (Pruitt, 1972). Exchange relationships was not involving an expectation of a long-term relationship, whereas communal relationships need to be long-term relationship (Clark & Mills,1979). Customer long-term relationship is significantly affected to achieve future business objective. Communal relationship does not specific debt or obligation and it is concern others and help to others without expecting benefit.

2.3. Exchange relationship

Every person assumes that when one person gives a benefit and another party expect to receive a comparable benefit. Marketing satisfied customer needs and wants through exchange process. Exchange relationship was giving of a benefit in response to the receipt of benefit and their cost compare with the benefit. it is important to note here that consumer-brand relationships are not identical to interpersonal relationships in all respects. Relationships with brands almost always involve some degree of monetary exchange (Aggarwal, 2004). Exchange relationship identified as economic exchange (Goffman, 1961). The idea that exchange is the basis of intimate relationships may actually have the effect of impairing such relationships (Clark & Mills,1979). There is the expectation of balance in giving and taking in exchange relationship. Most of the people assumes that when one person gives a benefit and expect a favorable balance return from others.

2.4. Customer engagement

Customer engagement concept that is critical to the success of private or public sector business and it include the value-adding process by helping sellers understand customer needs, participating in the product development process (Sashi, 2012). Engagement create meaningful and sustainable relationship between the business and its customer or external stakeholders. Forrester Consulting (2008) defines customer engagement as “creating deep connections with customers that drive purchase decisions, interaction, and participation over time.” Consumer engagement is receiving increasing attention in the broader academic marketing literature as having a significant role in building increasingly experiential relationships with consumers, namely brand relationships (Dessart et al.,2015). Customer engagement from the perspective of the organization, and define it as activities “facilitating interactions that strengthen the emotional, psychological or physical investment a customer has in a brand” (Sedley, 2006).

2.5. Research hypothesis

Based on the above literature was built following hypothesis.

H1: There is a positive relationship between exchange *relationships* and Consumer Engagement

H2: There is a positive relationship between communal *relationships* and Consumer Engagement

Above hypothesis wish to test using following variables and, independent and dependent variables are shown table I.

Table I; Operationalization of considering variables

Concept	Dimensions	Indicators	Source	Code
Consumer Brand Relationship Behavior	Exchange Relationship	Return	Miller <i>et al.</i> ,2014;	ER1
		Bilateral	Miller <i>et al.</i> ,2014;	ER2
		value of benefit	Miller <i>et al.</i> ,2014;	ER3
		comparable	Miller <i>et al.</i> ,2014;	ER4
	Communal Relationship	Welfare	Miller <i>et al.</i> ,2014	CR1
		No discomfort	Miller <i>et al.</i> ,2014	CR2
		Mutual responsiveness	Miller <i>et al.</i> ,2014;	CR3
		Benefit freely given	Miller <i>et al.</i> ,2014;	CR4
Consumer Engagement	Emotional Engagement	Enthusiastic	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019	CE1
		Energetic	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019	CE2
		Feel positive	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019	CE3
	Cognitive	Focused	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019	CE4

Engagement	Attention	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019 CE5
	Absorbed	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019 CE6
Behavioral	Active	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019 CE7
Engagement	Hardest	Solem & Pedersen,2016; Hinson <i>et al.</i> ,2019 CE8

3. DATA AND METHODOLOGY

Data collection technique, techniques for data analysis, and determine for sampling procedures are essential to design proper research (Hair *et al.*, 2019). This study was tried to testing theory and quest for objective knowledge, and this was identified as positivism research. This research wishes to focus on testing theory, which takes up a deductive and quantitative approach and aim to identify or learn the impact, relationship, influences in identified group of respondents should be most appropriate quantitative research approach with correlation research design (Blanca *et al.*, 2018, Ary *et al.*, 2006). This study tests hypothesis and using these observations wish to confirm the theory. The research approach is deductive approach. The independent variable, consumer brand relationship behavior was operationalized and measured using five-point Lickert scale. The dependent variable of the study was consumer engagement measured using seven-point scale.

3.1. Population and Sample

The Insurance Board of Sri Lanka's statistical review found 11.13 percent of the population had taken up a life insurance policy. The current population of Sri Lanka is 21,023,076 as of Wednesday, July 24, 2019, based on the latest United Nations estimates. Total number of life insurance policy holders can be identifying as 2.34 million. Sample unit is life insurance policy holders in Sri Lanka and the sample size of 384 life insurance policy holders for the study was drawn from the selected life insurance companies in Sri Lanka. Initially, convenience sampling method was applied to identify the number of life insurance policy holders representing the life insurance customers in Sri Lanka. Following the purification paradigm provided and each scale was purified with exploratory factor analysis using principal component factor method and varimax rotation (Cretu & Brodie, 2007).

3.2. Preliminary Analysis

This part describes the variability of observed variable. Adequacy level of sample measure by using Kaise Meyer Olkin (KMO) test and the value of KMO test was 0.882. This result value is greater than 0.6 and it was useful. (Hair *et al.*, 1998). Bartlett's test of sphericity value to be 4693.106 at a level of significance $p = 0.000$. Both KMO and Bartlett's test should consider to determine particular set of data is suitable for exploratory factor analysis (Pallant, J. (2013). Based on the above result, this level was suitable for factor analysis. KMO and Bartlett's test table is shown below.

Table 2; KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.882
Bartlett's Test of Sphericity	Approx. Chi-Square	4693.106
	df	120
	Sig.	.000

3.3. Factor extraction

Higher communalities are better and it present the level of an item correlates with all other items. Communalities greater than 0.6 is better (Hair *et al.*, 1998; MacCallum *et al.*, 2001). This study is limited to 384 sample size and communalities value of all factor is greater than 0.6, it can be shown following table 3.

Table 2; Communalities

Item and description		Extraction
<i>Exchange Relationship</i>		
ER1	I'm treated with more return through my life insurance policy	0.690

ER1	I want to be informed about my preferred brand of insurance	0.653
ER2	I listen to information about my favorite brand of insurance with value of benefit	0.678
ER3	I make comparison with my life insurance policy from its future benefits	0.815

Communal Relationship

CR1	I purchase my life insurance policy in order to welfare for others	0.670
CR2	If I will pass away early in life, it is not discomfort for my dependents	0.622
CR3	My preferred brand of insurance is like a person with mutually responsiveness	0.720
CR4	Both my preferred brand of insurance and I freely benefit from our link	0.631

Consumer engagement

CE1	I am enthusiastic in relation to my life insurance brand	0.791
CE2	I feel energetic when in contact with my life insurance brand	0.781
CE3	I feel positive about my life insurance brand	0.729
CE4	My mind is very focused on my life insurance brand	0.675
CE5	I focus a great deal of attention to my life insurance brand	0.616
CE6	I become absorbed by my life insurance brand	0.917
CE7	I am very active in relation to my life insurance brand	0.654
CE8	I try my hardest to perform well on behalf of my life insurance brand	0.907

3.4. Total Variance Explained

Each variable has a variance of one and total variance is same to the number of sixteen variable. Eigen values are the variance of the factors and cumulative percentage column's third row shows a value of 72.17. this result reveal first three factors together account for 72% of the total variance. The number of rows in this panel of the table correspond to the number of factors retained are as following table 3.

Table 3; Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
		% of Variance	Cumulative %		% of Variance	Cumulative %
1	6.162	38.510	38.510	6.053	37.830	37.830
2	3.103	19.396	57.906	2.828	17.675	55.504
3	2.283	14.266	72.172	2.667	16.668	72.172
4	.638	3.985	76.157			
5	.539	3.369	79.526			
6	.514	3.212	82.738			
7	.471	2.943	85.681			
8	.442	2.762	88.443			
9	.375	2.343	90.786			
10	.323	2.018	92.804			
11	.306	1.912	94.716			
12	.279	1.746	96.462			
13	.213	1.329	97.791			
14	.189	1.183	98.974			
15	.112	.700	99.674			
16	.052	.326	100.000			

3.5. Factor rotation

This rotated component matrix which is a matrix of the factor loading for each variable onto each factor. Extraction method is principle component analysis and Varimax used to simplify the column of the factor matrix. It can be shown using following table 4.

Table 4; Rotated Component Matrix

	Component		
	1	2	3
CE6	.949		
CE8	.949		
CE1	.886		
CE2	.877		
CE3	.848		
CE4	.818		
CE7	.806		
CE5	.778		
ER4		.881	
ER1		.823	
ER3		.819	
ER2		.803	
CR3			.843
CR1			.816
CR4			.785
CR2			.781

4. DISCUSSION

This study used survey data and factor analysis approach to develop and scale validate exchange relationship, communal *relationships* and Consumer Engagement in the life insurance industry and, finally test the hypothesis and concluded.

4.1. Reliability evidences

Reliability refers to the consistency of measurements when the testing procedure is repeated on a population of individuals or groups. Cronbach's alpha values indicate the internal consistency of the item. Reliability level can be measured using Cronbach alpha and provide the rule of thumb as greater than .9 excellent, .9 to .8 good, .8 to .7 acceptable, .7 to .6 questionable, .6 to .5 poor and less than .5 unacceptable (George, 2011). The reliability analysis revealed that the alpha coefficient of the three dimensions as 0.855 for exchange relationship, 0.823 for communal relationship, 0.904 for consumer engagement. It can be shown using following table 5. It exceeded the minimum Cronbach alpha value suggested by (Nunnally, 1967).

Table 5; Cronbach's alpha values tables

Dimensions	Cronbach alpha value
Exchange Relationship	0.855
Communal Relationship	0.823
Consumer engagement	0.952

4.2. Correlation Analysis

Two significant coefficients, those with p- value are below the commonly used level of 0.05. significant coefficient level between exchange relationship and consumer engagement is .001 and researcher find that exchange relationship and consumer engagement is significant. significant coefficient level between communal relationship and consumer engagement is .036 and it is found that exchange relationship and consumer engagement is significant. Person correlation value between exchange relationship and consumer engagement is .169 and the value between communal relationship and consumer engagement is .107. This means there is significant positive relationship between independent variables and dependent variable. According to the above result both hypotheses can be accepted.

5. CONCLUSION & LIMITATION

This study has significant implication for both academic and practitioners. In a practical context, brand managers can use the findings of this study to identify their strength and weakness by evaluating exchange and communal relationship with their customer. Life insurance industry policy makers can better plan for their consumer engagement activities in the future based on this knowledge.

Our results are consistent with our comprehensive framework. We found that consumer brand relationship behavior impact on consumer engagement in life insurance industry in Sri Lanka. The contribution of this study depends on examination of these sets of factors and empirical investigation based on principle component analysis technique and test hypothesis. Even though final results of our study are robust and provides a systematic investigation of the validity of identified scale. future study could incorporate with large sample size and it will provide additional support for the scale.

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