The Customer's Brand Trust For Life Insurance Services

Hoang Thi Hong Loc[1], Nguyen Quoc Nghi[2]

[1] MSc, College of Economics, Can Tho University, Vietnam
[2] PhD, College of Economics, Can Tho University, Vietnam
Corresponding Author: Hoang Thi Hong Loc

Abstract: *The research was conducted to identify the factors affecting the brand trust of customers to life insurance services. The research data was collected through a survey of 171 customers participating in life insurance by convenience sampling method. Using the Structural Equation Modelling method (SEM), the research results show that the customer's brand trust to the life insurance services is influenced by five factors: Organizational Size, Perceived Risk, Perceived Quality, Brand Reputation and Social Influence. In particular, the Perceived Risk has a negative impact on brand trust while the Brand Reputation has the strongest effect on the brand trust in life insurance services.*
Keywords: *service, life insurance, customer, brand trust.*

I. Introduction

Vietnam's economy is continuously growing in the period 2012-2017. In 2017, Vietnam marked a record of economic growth, foreign investment attraction and trade turnover. According to the General Statistics Office of Vietnam, the size of the economy in 2017 at current prices reached 5,007.9 trillion, GDP per capita reached 53.5 million, equivalent to 2,385 USD, increasing by 170 USD compared to 2016. In the past, most Vietnamese families only thought of investment channels such as savings or investment securities when there was an excess of money; however, today life insurance has become a solution for many families. This is because life insurance consists of all three important elements of personal financial planning: protection, saving and investment. However, Vietnam now has many life insurance companies, and each company has various products. Therefore, customers feel confused and always ask the question what the best kind of life insurance services is. In fact, the life insurance market is considered as a perfect competition market, meaning companies compete for each other and try to satisfy customers. Moreover, in the context of globalisation, companies have been promoting long-term relationships with their customers (Anderson and Weitz, 1989). In particular, trust plays a vital role in exploring customer's behaviour, especially for insurance products. According to Leonard L. Berry (1995), with the money invested in an insurance policy, customers are always looking for long-term relationships with insurance companies or agencies to reduce the unpredicted risk. Moorman *et al.,* (1993) claimed that trust is a crucial factor in facilitating exchanged relationships. A loyal customer will tend to use the product more often (Doney and Cannon, 1997). Besides, brand trust is considered as central in many studies (Doney and Cannon, 1997; Moorman *et al.,* 1992). Thus, brand trust plays a vital role for customers, especially in the field of life insurance services.

II. Methodology

2.1 Theoretical background

Trust: Doney and Cannon (1997) asserted that trust is a process in which individuals and organisations evaluate the costs and benefits of conducting a transaction with a partner. In addition, trust is an essential factor in facilitating exchanged relationships (Moorman *et al.,* 1993). According to Heim and John (2007), trust is a customer's belief on a brand ability which can undertake commitments with buyers. Blackston (1992) demonstrated that trust is a component of the relationship between the customer and the brand. Trust plays a crucial role in exploring customer behaviour. Quinton and March (2006) proved that consumer trust development is a vital challenge for commercial enterprises. Trust is a pillar and plays an important role in the success of sales.

Brand trust: this is the sense of security stored by the customer in the interaction of the customer with the brand. It is based on the perception that the brand is trustworthy and responsible for the interests and welfare of the customer (Ballester *et al.,* 2003). The brand trust is considered to be an essential contributor to the success of the company (Morgan and Hunt, 1994). According to Chaudhuri and Holbrook (2001), brand trust is a customer's willingness to rely on the brand's ability and the brand can perform its claimed function. Brand

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loyalty arises after the customer evaluates the business. If the company ensures the safety, honesty and trustworthiness of the brand to the customer, the brand trust will be created later (Doney and Cannon, 1997). It is clear that brand trust is established and developed based on the direct experience of the customer by using the brand.

2.2 Research model

This study based on previous theoretical and empirical studies parallel to inheriting the findings of Thompson *et al.* (2005), Chan and Huang (2014). Particularly, the model of the factors influencing the brand trust of customers in the life insurance service is composed of six factors: organisational size, service competence, perceived risk, perceived quality, brand reputation and social influence.
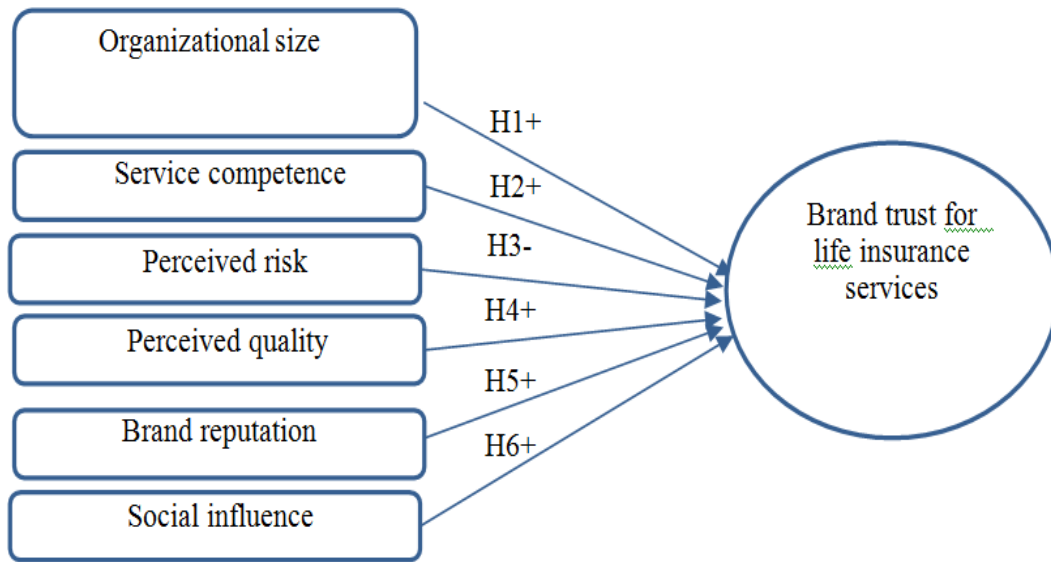
Source: Author's proposal, 2018

Figure 1: The proposed research model

Table 1: Description of observed variables in the research model

Factor	Sign	Name of observed variables	Scale	Reference source
Organizational Size	OS1	This brand occupies a large market share	Likert 1-5	Doney and Cannon (1997); Griffin *et al.* (1993); Chow and Holden (1997); Silem (1994).
	OS2	This brand has professional staffs	Likert 1-5	
	OS3	This brand has strong financial resources	Likert 1-5	
	OS4	This brand has big projects and plans	Likert 1-5	
	OS5	This brand offers a very diverse product range	Likert 1-5	
Service Competence	SC1	This brand quickly deals with questions and complaints from customers	Likert 1-5	Moorman and Zaltzman (1992); Crosby *et al.,* (1990) Quinton and March (2010); Chan and Huang (2014).
	SC2	The staff always welcome and respect the customers	Likert 1-5	
	SC3	The staff always communicate with customers in simple, easy-to-understand language	Likert 1-5	
	SC4	The staff always create favourable conditions for customers to access services	Likert 1-5	
	SC5	The staff regularly interact, care for and capture customer needs	Likert 1-5	
	SC6	The staff are always professional and support customers	Likert 1-5	
Perceived Risk	PR1	The insurance policy is not right compared to advertising information	Likert 1-5	Bauer (1967); McKnight *et al.,* (1998); Ambrose and Johnson (1998); Dowling and Staelin (1994); Forsythe *et al.,* (2003).
	PR2	Legal risk due to unclear initial information	Likert 1-5	
	PR3	Risk of payment system	Likert 1-5	
	PR4	Risk of customer confidentiality	Likert 1-5	
	PR5	Service quality is not as expected	Likert 1-5	
	PR6	Fail to comply with any prior agreements or commitments	Likert 1-5	
	PR7	Investment in insurance is always risky	Likert 1-5	
Perceived Quality	PQ1	Always carry out the commitments in the contract with customers	Likert 1-5	Taylor(2001); Russel (1999); Josep *et al.*(2003).
	PQ2	Allows customers to post reviews about products and services	Likert 1-5	

	PQ3	The service of this brand is highly appreciated	Likert 1-5	
	PQ4	Many customers are satisfied with this brand	Likert 1-5	
	PQ5	Always ensure the interests of customers	Likert 1-5	
Brand Reputation	BR1	Many people know this brand	Likert 1-5	Parengkuan(2014); Thompson *et al.,* (2005).
	BR2	This brand is interested in customers	Likert 1-5	
	BR3	This brand has the prestige in the market	Likert 1-5	
	BR4	This brand lasts for years	Likert 1-5	
Social Influence	SI1	Relatives, friends and colleagues evaluate that this brand is credible	Likert 1-5	Siriporn *et al.* (2007); Chan and Huang (2014).
	SI2	Relatives, friends and colleagues advise me to use the service of this brand	Likert 1-5	
	SI3	Reviews of relatives, friends and colleagues about this brand's service are very good	Likert 1-5	
	SI4	The majority of customers praises the reviews, comments and reviews about this brand	Likert 1-5	
	SI5	This brand often appears in the media	Likert 1-5	
Brand Trust	BT1	I trust in the information provided by this brand	Likert 1-5	Ha, (2004); Quinton and March (2010); Chan and Huang (2014).
	BT2	I believe in the commitment relating to service of this brand	Likert 1-5	
	BT3	I choose this brand first if I use insurance services	Likert 1-5	
	BT4	I continue to use the service of this brand	Likert 1-5	

Source: Proposed and summarised by the author, 2018

2.3 Analytical methods and research data

In this study, the model was tested through the following steps: measuring the reliability of the scale by Cronbach's Alpha coefficient, Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM).

A convenience sampling method is used to collect data. Structural Equation Modelling (SEM) method requires a large sample size because it is based on the sample distribution theory (Raykov & Widaman, 1995). To achieve reliability in SEM model testing, a sample size of 100 to 200 is acceptable (Hoyle, 1995). According to Hoelter (1983), the sample size limit in the structural equation modelling is 200. In fact, the study collected 171 observations by direct interview, and the interviewees are customers of life insurance services of brands such as Prudential Vietnam Life Insurance Co., Ltd, Bao Viet Life Insurance Corporations, Manulife Life Insurance Co., Ltd (Vietnam), Dai-Ichi Vietnam Life Insurance Co., Ltd, Aia Life Insurance Co., Ltd (Vietnam). The study was undertaken in cities, including Ho Chi Minh City (51 customers), Can Tho City (60 customers), My Tho City (60 customers). Thus, the sample size satisfies the sample size requirements, ensuring the reliability to test the model.

III. Research Results And Discussion

3.1 Testing reliability of the scale by Cronbach's Alpha coefficient

Cronbach's Alpha coefficient is used to evaluate the reliability of the scale. According to Nunnally and Bernstein (1994), variables with **the item-total correlation coefficient** of less than 0.3 will be rejected, so that two variables PQ3 and SI3 are excluded from the model. The second time of reliability testing showed that Cronbach's Alpha coefficient of all scales are greater than 0.6 and **the item-total correlation coefficient** of variables in the scales is higher than 0.3 (*see Table 2*).

In addition, the results of the reliability test of brand trust have Cronbach's Alpha coefficient equal to 0.741 and the observed variables meet the item-total correlation coefficients that are greater than 0.3 (minimum at 0.459). Therefore, all observations are satisfactory and will be used for Exploratory Factor Analysis (EFA) in the next step.

Table 2: Result of reliability testing of the scale by Cronbach's Alpha

Factors	Sign	Number of observed variables	Minimum of the item-total correlation coefficient	Cronbach's Alpha coefficient
Organizational size	OS	5	0.699	0.881
Service competence	SC	6	0.371	0.745
Perceived risk	PR	7	0.689	0.909
Perceived quality	PQ	4	0.754	0.901
Brand Reputation	BR	4	0.751	0.892
Social influence	SI	4	0.747	0.900
Brand trust	BT	4	0.459	0.741

Source: Survey data, 2018

3.2. Exploratory Factor Analysis (EFA)

To better reflect the data structure, the research uses the Principal Axis Factoring extraction method with the Promax rotation. After eliminating the SC1, SC4 variables because of having a factor loading coefficient lower than 0.5, the analysis results of the EFA with the assurance tests are: (1) Reliability of the observed variables (Factor loading> 0.5); (2) Test the suitability of the model (0.5 < KMO = 0.806 < 1); (3) Bartlett's test for the correlation of observed variables (Sig. = 0.000 < 0.05); (4) The cumulative variance test is 70.083% > 50% (Gerbing & Anderson, 1988). Besides, there is no variable disturbance in the factors, so the research retains the name of the factor as originally proposed.

Table 3: Factors formed from Exploratory Factor Analysis (EFA)

Sign	Observed variable	Factor name
F_1	OS1, OS2, OS3, OS4, OS5	Organizational size
F_2	SC2, SC3, SC5, SC6	Service competence
F_3	PR1, PR2, PR3, PR4, PR5, PR6, PR7	Perceived risk
F_4	PQ1, PQ2, PQ4, PQ5	Perceived quality
F_5	BR1, BR2, BR3, BR4	Brand reputation
F_6	SI1, SI2, SI4, SI5	Social influence
F_7	BT1, BT2, BT3, BT4	Brand trust

Source: Survey data, 2018

3.3 Confirmatory factor analysis (CFA)

After EFA, the seven factors continued to be included in the Confirmatory Factor Analysis (CFA). Confirmatory factor analysis (CFA) is used to test the convergent validity, discriminant validity, unidimensionality and reliability of the scale. The results of the CFA show as follows: Chi-square by CMIN/df = 1.319 < 2 (Carmines McIver, 1981) with P = 0.00 ≤ 0.05; The value of TLI, CFI are 0.942 and 0.948, respectively, that are higher than 0.9, and RMSEA = 0.043 < 0.08 (Nguyen Dinh Tho & Nguyen Thi Mai Trang, 2008). This result proves that the model is suitable for market data. The standardised weights of the scale are higher than 0.5, and the unstandardised weights are statistically significant, so the concepts achieve convergent validity. Also, the correlation coefficient between factors was less than 1 with a standard deviation (<0.05). Thus, research concepts reach discriminant validity.

The results of composite reliability (Pc), total variance extracted (Pvc) presented in Table 4 show that Pc satisfies the condition while Pvc of some scale is slightly lower than 0.5; however, the value of total variance extracted can still be accepted at 0.4 or higher with a composite reliability of greater than 0.6 (Fornell & Larcker, 1981; Fraering & Minor, 2006). As a result, all the concepts in the model are satisfactory regarding value and reliability, so the scale is suitable for the next Structural Equation Modelling Analysis.

Table 4: Results of the reliability test of the scale

Factor	Number of observed variables	Composite reliability	Total variance extracted	Cronbach's Alpha Coefficient
Organizational size	5	0.883	0.601	0.881
Service competence	4	0.723	0.412	0.720
Perceived risk	7	0.909	0.588	0.909
Perceived quality	4	0.903	0.699	0.901
Brand Reputation	4	0.893	0.677	0.892
Social influence	4	0.900	0.694	0.900
Brand trust	4	0.741	0.421	0.741

Source: Survey data, 2018

### 3.4 Structural Equation Modelling Analysis (SEM)

After Confirmatory factor analysis (CFA), Structural Equation Modelling Analysis (SEM) is used to test the research model. The results of the initial analysis show that the significance level of the relationship between the Service Competence with Brand Trust is not satisfactory (P-value > 0.1). Therefore, the researcher conducts a second Structural Equation Modelling Analysis (SEM) after removing this relationship.

Table 5: Estimation results of relationships in the first SEM

Relationship			Estimated value	S.E	C.R	P-value
BT	<---	PR	-0.126	0.049	-2.570	0.010
BT	<---	OS	0.098	0.053	1.843	0.065
BT	<---	PQ	0.077	0.034	2.263	0.024
BT	<---	SI	0.071	0.036	1.974	0.048
BT	<---	BR	0.140	0.044	3.180	0.001
BT	<---	SC	0.084	0.075	1.127	0.260

Source: Survey data, 2018

The results of the SEM analysis (2nd time) are shown in Fig. 2 indicates that the model has 335 degrees of freedom and Chi-square is 471.516 with P-value = 0.000. The indexes of CMIN/df = 1.408 (< 2); TLI = 0.941; CFI = 0.948 (> 0.9) and RMSEA = 0.049 (< 0.08) show that the model was consistent with the actual sample data. The results of the analysis in Table 6 show that the estimated weights of the variables are satisfactory. The greater the absolute value of this weight is, the stronger corresponding independent concept influences the dependent concept.
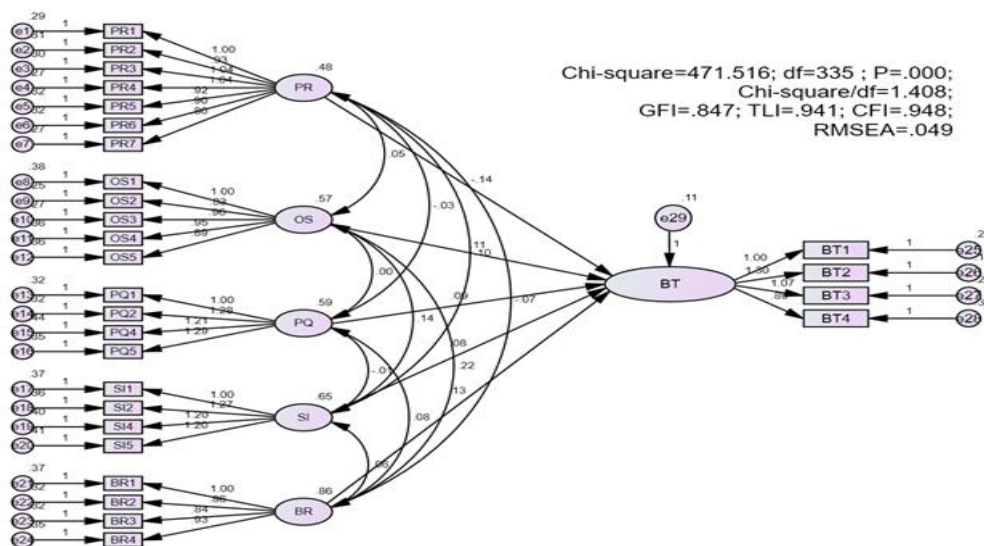
Source: Survey data, 2018
Figure 2: SEM analysis results (2nd time)

Table 6: Estimation results of relationships in the second SEM

Relationship			Unstandardized			Standardized estimates	P-value
			Estimated value	S.E	C.R		
BT	<---	PR	-0.136	0.049	-2.756	-0.245	0.006
BT	<---	OS	0.114	0.052	2.183	0.206	0.029
BT	<---	PQ	0.074	0.034	2.160	0.183	0.031
BT	<---	SI	0.067	0.036	1.856	0.162	0.063
BT	<---	BR	0.138	0.044	3.123	0.300	0.002

Source: Survey data, 2018

The standardised estimated values shown in Table 6 indicate that factors of Perceived Risk, Organizational Size, Perceived Quality, Social Influence and Brand Reputation impact the brand trust of customers in life insurance services. This finding means that if the brand of life insurance occupies a large market share, and the brand has the strong financial capacity as well as strong human resources, providing diversified products, the trust of customers on the brand is higher. In addition, if the brand of life insurance performs firm commitments with the customer, ensure the interests of customers, creates satisfaction for customers, the trust of customers will be higher. At the same time, if the brand of life insurance receives excellent and reliable comments from the reference groups in society and regularly appears in the media, it will create a good trust for customers. Besides, the brand of life insurance is always interested in customers, prestige and famous, the faith of customers with the brand will be higher. In contrast, Perceived Risk factors negatively affect the brand trust of customers in life insurance services. This means that when customers feel the brand of life insurance has the risk of payment, inconsistent policy, poor information security, legal risks due to unclear information, the customers will reduce the trust for this brand.

IV. Conclusion

The research has identified the factors that affect the brand trust of customers in life insurance services. The study has shown that Organizational Size, Perceived Quality, Social Influence and Brand Reputation have a positive impact on the brand trust of customers in life insurance services. In contrast, the Perceived Risk factor negatively influences the brand trust of customers. In which, the factor of Brand Reputation has the most substantial impact on the customers' brand trust. The research results are a useful scientific background for

managers in insurance services to refer to, and thus the managers are able to build the strategy to enhance the brand trust of customers for their enterprises.

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